

**Coding the
future together**





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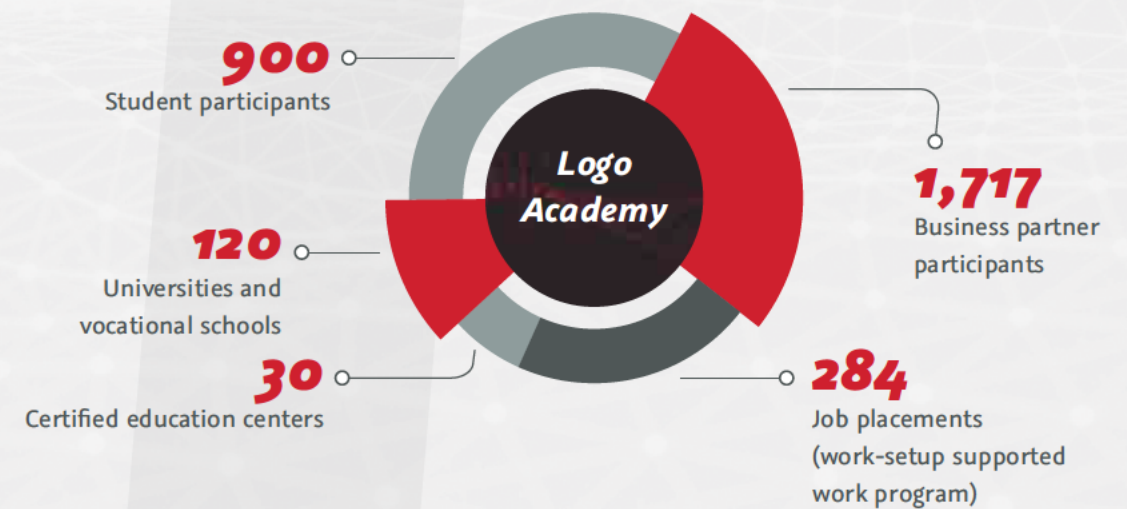
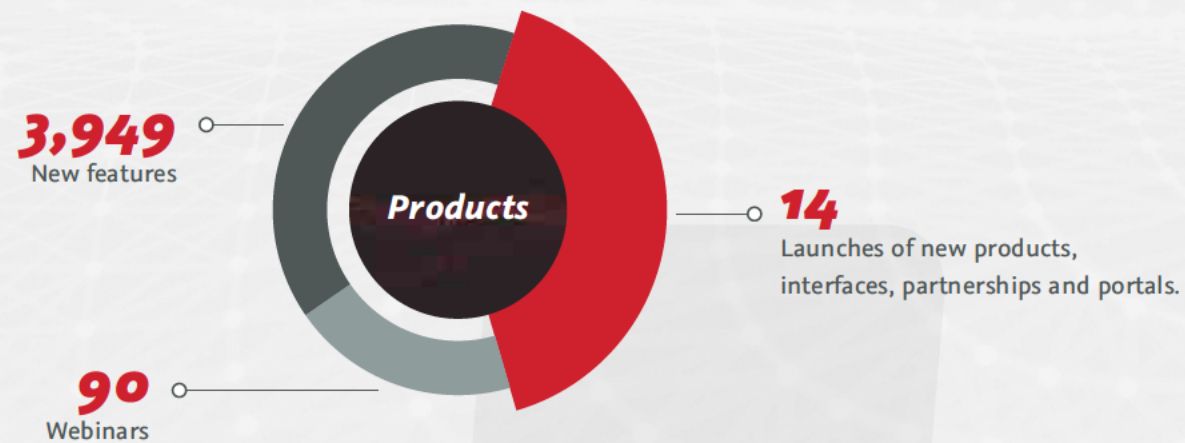
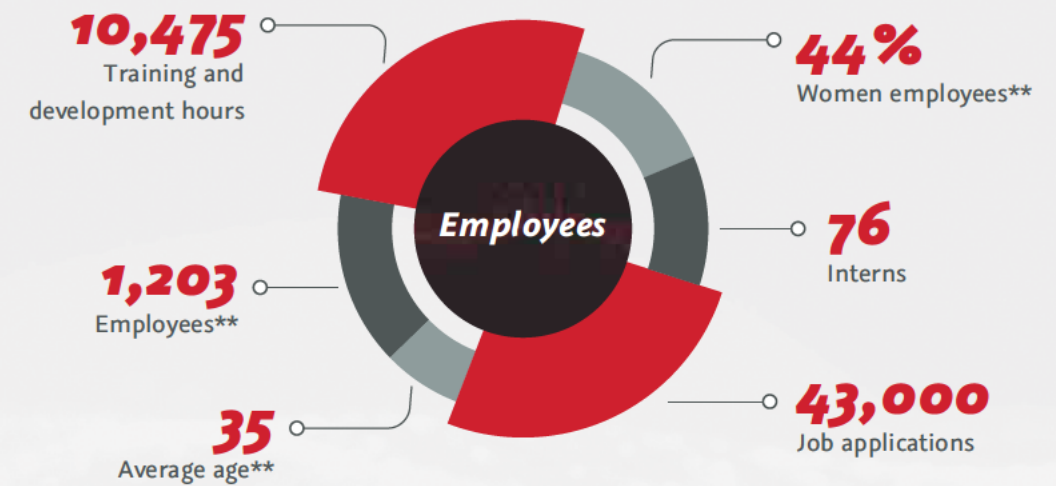
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2019 overview



Company profile

Logo is coding the future together with its customers, business partners, employees, investors and all stakeholders as a company contributing to the sustainable success of its customers with its products and services that appeal to all companies from micro size to enterprise level. It creates value for its customers with passion and agility.

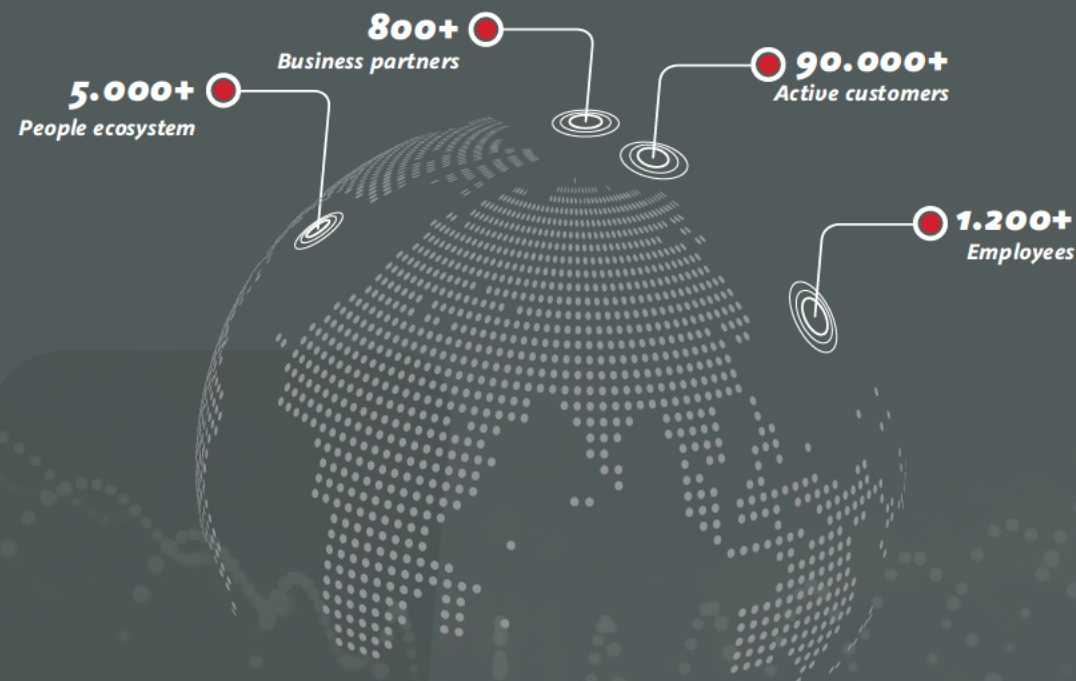
Turkey's largest public software company and most valuable information technology brand* Logo, operates in software sector as one of the leading companies since its establishment in 1984. Logo offers application software to enterprises ranging in size from micro companies to large scale corporations. The company, by increasing innovation and creativity in its products and services, lays the foundation for sustainable success by accompanying more than 200,000 companies so far on their journey of growth, with more than 1,200 employees and 800 business partners in 4 different countries at 7 different locations.

In addition to Enterprise Resource Planning, Logo's offerings comprise many complementary solutions such as Customer Relationship Management, Human Resources Management, Workflow Management, Warehouse Management Systems, Business Analytics Solutions and Retail Solutions. Having taken the lead in the ERP sector in terms of number of customers for many years, Logo has a large and dynamic ecosystem that extends from partners to Logo users, from academicians to students and industry professionals. Along with the power stemming from this ecosystem, and believing in the dreams of its

customers, sharing the same goals and working diligently to fulfil them, Logo carries out its business with the vision of coding Turkey's future together.

Since its foundation, Logo has been the innovative leader of its sector with the innovations it brought with its products, services, and business processes; more importantly with the added value it created in the digital transformation. Logo has invested in different businesses and technologies, and in recent years has made great leaps and revenue growth due to organic and inorganic growth. Logo has always adopted a fair and transparent management, and currently has a 66% free float rate. The company became the first public software company in Turkey in 2000.

Logo completed a significant portion of its 35 year long history as the market leader in the industry, and after a series of strategic investments aiming at transferring the know how and experience gained in the Turkish market to abroad, it continues on the path towards becoming a regional player. Logo has been pursuing its firm growth with 41% revenue CAGR (compound annual growth rate) in the last 10 years.



Mission, vision and principles

Vision

Coding the future together.

Mission

We create value for our customers with passion and agility.

Principles

Productivity

Logo's products and services focus on improving the productivity of customers' organizations. The company offers information technology tools, solutions and services to ensure and increase the efficiency and profitability of the companies taking into account company specific features and modern management techniques.

Customer satisfaction

Logo's priority is the absolute customer satisfaction. It is of utmost importance for Logo that its products and services are of high quality. Committed to Total Quality Management as a management philosophy Logo's main principle is to determine its policies according to market preferences and standards, while keeping a close contact with its customers.

Research and development

Logo believes that efficient research and development is the main component of being competitive in today's ever changing business environment. Logo allocates the largest part of its resources to research and development in order to create new products, improve the capacity of its existing products and incorporate the ever changing technology and platforms.

Profitability

Logo perceives being a profitable and a productive company and using its resources efficiently as an integral part of its responsibilities towards its employees, customers and the society.

Social responsibility

Logo advocates the idea that technology should be developed with a respectful manner towards humans and the environment. Logo's actions are infused with a sense of responsibility towards the society and the world, and maintain a constructive approach to social problems.

Business ethics

Logo believes in the principles of market economy and acts accordingly. The company is committed to the principles of fairness, integrity, transparency, and consistency in its relationship with its customers, business partners and competitors and complies with the law and business ethics in all its dealings.

Employee happiness

Logo believes that products and services of good quality can only be produced by qualified and happy employees. Therefore, Logo places great importance on continuous training of its employees. The company aims to have happy, productive and socially beneficial employees by providing them a good income level, a high class work environment, occupational safety and health, and participatory management.

Equal opportunity

Logo is committed to the principles of equal opportunity in recruitment and evaluates candidates based solely on their knowledge and experience. Logo assesses performance only in terms of productivity in line with company objectives. As an acknowledgment of its adherence to this principle, Logo has been ranked in the Top 100 of Capital Magazine's annual list of Women Friendly Companies.

Chairman's message



Dear Shareholders and Members of the Logo Family,

2019 was beyond an ordinary year where we sustained our successful performance. It marked the 35th anniversary of our foundation in 1984 as a small entrepreneurial initiative. Operating as a leading company for 35 years in the rapidly developing technology industry is a real triumph. Therefore, to begin with I would like to thank all stakeholders, who contributed to Logo in this journey.

Despite the ever-changing players and dynamics of the IT industry, we went way beyond merely carrying out our operations. Today Logo is the most valuable IT brand in Turkey, as a software company competing on a global scale. One of the most important factors bringing this sustainable achievement is our corporate culture, which we also transplanted to all Logo employees. We are a company that aims to create value in terms of non-financial indicators in addition to financial success and this

perspective underlies our principles. However, our priority has always been to create value first while managing our operations. Productivity, customer and employee satisfaction, social responsibility, business ethics, equal opportunity, and innovation are the corporate principles, which make us who we are.

Consumers and customers of today prefer to do business with companies that have an integrated perspective and contribute to society and the world, while creating economic value instead of just adopting a profit-oriented approach. Investors measure performance according to non-financial indicators and make their investment decisions based on the companies' ESG (environmental-social-governance) performance. Since its foundation, Logo has grown by operating along this perspective. It is our top priority to fulfill our environmental and social responsibilities and to carry out our relationship with our stakeholders in accordance with the principles of transparency, accountability, responsibility and fairness. As a result, we were included in the Corporate Governance Index of Borsa İstanbul in its early years and we also took part in the Sustainability Index on a voluntary basis. During all these years that we get included into these indices, we make improvements every single year in line with our target of continuous development.

In this context, one of our flagship projects in 2019 was the "Future Coders Lab" that we have implemented to create the seeds of the future software developers. In this project, we have made an impact on the lives of tens of our children as of today and we think that we will multiply our impact in the upcoming period. We aim to create an opportunity for our children and young people to increase their competencies in technology and software in order to contribute to the future of the IT sector and thus, to the competitiveness of our country on a global scale.

Another factor that brought us success in the past 35 years is the trust we have earned as a result of our culture of offering our services for the benefit of our stakeholders. The feeling of trust we have cultivated with our customers, employees, business partners, public institutions and even our competitors is

our greatest capital. Creating, maintaining and developing this kind of trust has not been easy especially in an environment characterized by many global economic crises. Thanks to this trust, we are proud that we have many shareholders from all around the world.

The secret of our sustainable success in this ever-changing sector lies in our ability to constantly renew ourselves without being trapped by our previous achievements. We plan our R&D and product development efforts on a three-horizon principle of McKinsey. While we support our existing customers and products with our Horizon 1 projects, we allocate resources to Horizon 2 projects to adapt to changing conditions, and Horizon 3 projects to try the technologies of the future. We accompany the digitalization process of micro SMEs with our cloud-based SaaS solutions; Logo İşbaşı and Logo Vyapari, in Turkey and India.

In the countries where we operate; Turkey, Romania and India, we lay the foundations of a company well-prepared to do business on a global scale through alignment of our products, processes and marketing policy. We have completed our organizational transformation last year for decentralization that will provide flexibility and speed to the business units while managing finance, talent management, brand management and platform technology development in a centralized way under the group umbrella. Our company is structured as a group of companies that provides flexibility and transparency based on target vertical markets and geographic regions.

I firmly believe that we will gain a brand-new momentum with this new organizational structure and that each of our business units will boast many more achievements in the upcoming period. I would like to thank our shareholders, business partners, employees and Logo users and customers, and all members of the Logo Family, who have contributed to our success in the past 35 years.

Sincerely yours,

M. Tuğrul Tekbulut
Chairman of the Board

Vice Chairman & Logo Group CEO's message

Dear Logo Shareholders and members of the Logo Family,

We have successfully completed 2019 by continuing to create value for both our customers and our country's economy as part of our vision of coding the future together. As we move ahead towards becoming a regional player, we attach great importance to the creation of sustainable added value, and to the enhancement of our role in technological transformation every year. Thanks to our solution set that creates added value in digital transformation, we support our customers in running their operations more efficiently and adapting to today's competitive environment. As of 2019 year-end, we offer our services to over 90,000 active customers, and over 600,000 users with an ecosystem of 5,000 people comprising of 1200 employees and more than 800 business partners.

In 2019, we proceeded with a series of changes in our management and organizational structure, in order to enhance our services to our ecosystem. The subsidiaries of Logo and the main product and service lines, which have been operating like autonomous companies within Logo, have been launched as Business Units (Profit centers) under the Logo Group umbrella. Alongside these business units, we have structured Finance, Technology, Human and Organizational Transformation, Information Technologies and Business Processes, and Corporate Communications functions as Logo Group Functions, which will support Group companies, and determine the main strategies in their respective areas. I believe that the new structure under the Group umbrella will yield very positive results in terms of the operations and management of our ever-growing company.

The fact that we have been included in the Turquality® support program, which targets to create global Turkish brands; constitutes an extremely significant step we have taken towards globalization in 2019. We will observe the positive effects of Turquality® even more in the coming period. Logo has pioneered many firsts in the software industry so far, and now we are proud to be once again the first software company to participate in the Turquality® program, which will accelerate our endeavors to position our brand even stronger in the global markets. In addition, we have focused more intensively on new product development activities in the international markets.

We maintained our successful performance in similar vein with previous years as Turkey's largest independent software company, and the most valuable IT brand. In 2019, we increased our sales revenues reached 422 million TL with 31% increase compared to 2018, thanks to the positive impact of the new communiqué in October regarding the e-government solutions and to the increased productivity in our Romania operations. Our EBITDA increased by 41% and our net profit reached 86 million TL with 27% increase. Logo's earnings per share increased by 27%. Our subsidiary in Romania, Logo Total Soft, achieved a sales revenue growth of 18% and an EBITDA growth of 97% in Euro terms.

As a natural result of our customer-oriented R&D and innovation driven approach, which lies in the core of our corporate culture, the ratio of total R&D spending to invoiced revenues amounted to 27% in this period for our operations in Turkey and Romania. Furthermore, we maintain the focus of our sustainability approach by investing in society, environment and the future of the company, and contributing to the sustainable transformation of our ecosystem with innovative products and services. We embrace the Sustainability and Corporate Governance issues at the highest level and carry out related initiatives under the leadership of our senior management. As the leading player in the industry, we will continue fulfilling our duty of being our country's pioneer in this field.

Our achievements have positively affected our performance in many areas. Our corporate governance rating increased to 9.22 in 2019 from 2018's 9.11. Logo has been included in both the BIST Corporate Governance Index and the World Corporate Governance Index (WCGI) covering 150 countries. Furthermore, according to the "Turkey's Most Valuable Brands 2019" research conducted by Brand Finance, an independent brand evaluation organization, we have emerged as the leader in the IT industry.

In 2019, we carried out a plethora of projects aiming at the development of Logo ecosystem based on the principles of continuous progress, amelioration of the stakeholder experience, and enhancement of the innovation and improvement culture. We updated Logo Business Partner status logos, launched



the Corporate Identity Manual, and ran the business partners development project among other projects in order to contribute to development of sustainable business models and corporate transformation of the Logo Business partners.

As Logo, we have achieved significant success in our highly competitive industry for 35 years. Behind this success lies the harmony we display as a team, our business culture, the dedication of each one of our employees, and our passion for creative and solution-oriented ideas. We will achieve our new goals by working hand-in-hand, as we have done so far. Now that we celebrate our 35th anniversary, I would like to thank our stakeholders, shareholders, solution partners, employees and customers, who have been together with us during this process.

Sincerely yours,

M. Buğra Koyuncu
Vice Chairman and Logo Group CEO

Logo's milestones

1984

- Establishment

1986

- Launch of Logo Commercial Systems
- Launch of DOS

1993

- Launch of Logo Alinteri (Great Effort)

1999

- Launch of Logo ERP (Unity & HR)

2000

- Establishment of Logo Investment Holding
- IPO of the shares of Logo Establishment of Logo Product Development Center in GOSB Technopark with an 11,000 square meter in-door area.

2001

- Establishment of Logo Business Software in Germany

1992

- Launch of Logo Gold

1991

- Launch of Multibase-C

1988

- Launch of Logo Modular System (LMS)

2003

- Technological cooperation agreement with IBM

2004

- Launch of e-Products
- Launch of Supply Chain Management

2005

- Launch of Tiger

2006

- Launching of Unity on Demand

2010

- Launch of GO Plus
- Launch of Tiger Plus
- Launch of Tiger Enterprise

2011

- Acquisition of Coretech
- Acquisition of the majority shares of World BI
- Launch of Logo BI

2012

- Launch of j-guar
- Launch of Logo Mobile
- Launch of Logo Store
- Launch of Logo e-Ledger
- Launch of Logo e-Invoice

2013

- Acquisition of 34.60% of Logo shares by Mediterra Capital Partners
- Acquisition of Netsis

2014

- Celebration of our 30th anniversary
- Acquisition of Logo Elektronik (eLogo)
- Letter of Intent for the acquisition of the shares of Interimat Bilisim.

2008

- Launch of Start

2007

- Establishment of Dubai Sales Office
- Launch of GO

2015

- Acquisition of Interimat
- Acquisitions of Sempa
- Acquisitions of Vardar

2016

- Launch of 3 series products
- Acquisition of Romania-based Total Soft
- Establishment of Logo Infosof (Logo Infosoft Business Technology Private Limited) software company in India together with GSF Software Labs LLC.
- Establishment of commercial information platform FIGO together with FIT Solutions
- Free float ratio increased from 25% to 61% with sale to qualified investors

2017

- Establishment of Logo Ventures private equity investment fund.
- Establishment of Logo Kobi Digital services.
 - Launch of Logo Wings products.
 - Launch of e-dispatch.
 - Launch of Logo Jugnu.

2018

- Launch of Logo Vyapari.
- Acquisition of architected business solutions (abs) by Logo Total Soft.
 - Launch of Logo Tiger Wings enterprise.
 - Launch of Netsis Wings enterprise.
- Launch of eLogo ISG (environment, health and safety management).
- Sale of 50% figo shares to the jv partner F.I.T. Solutions.

2019

- Establishment of Digital Transformation Services.
- Celebration of Logo's 35th year.
- Acceptance to Turquality® as the first software company.
- Logo Vyapari became one of 8 software approved by GSTN.
- Launch of Logo WMS Platform.
- Launch of Logo GO Wings.
- Launch of Logo Netsis Wings Entegre.

Logo celebrated its 35th anniversary



Since its establishment in 1984, Logo has always aimed to improve the experience of its customers and to enable them to work efficiently with its products. Logo is Turkey's leading brand in the field of enterprise application software thanks to its long history, the confidence gained by collaborating with more than 200,000 companies in their growth journey, and its numerous pioneering successes achieved in Turkey's software history. Logo has started its journey in the IT industry with an entrepreneurial approach and today has emerged

as a high tech group of companies focused on information technologies on a global scale. Logo's culture, its principles, the size of its ecosystem and the trust it has nourished within this ecosystem have played a pivotal role in this 35 year old journey filled with transformation and change. All Logo shareholders, business partners, employees, customers and, Logo users, in short, every single person who has been connected to Logo in one way or another, have significantly contributed to the value created during this journey.



Logo's awards and achievements



Throughout the 35 years, Logo has always remained committed to improving its customers' experience and efficiency with its solutions. In 2019, as a result of its efforts in the industry, it has received 18 awards in 9 different award programs.

Turkey's Most Valuable IT Brand

According to Brand Finance Turkey's "Most Valuable Brands" research, Logo was elected as "Turkey's Most Valuable IT Brand", and also ranked 71st in the list of "Turkey's Most Valuable Brands".

Logo has enjoyed a leadership position in the software industry, in terms of number of customers. According to "Turkey's 100 Most Valuable Brands Turkey 100" list prepared by Brand Finance, an independent international brand evaluation organization, Logo has consolidated its leadership in the IT category. Logo has been included in this list of the 100 most valuable brands of Turkey for 5 consecutive years and ranked 71st in the general ranking. In the last 3 years, Logo also appears in this list as Turkey's most valuable software brand.

Deloitte Technology Fast 50

- Deloitte Technology Fast 50 Ranking
- Deloitte Technology Fast 50 Big Stars Award

In Deloitte Technology Fast 50 Turkey Program, which has been running since 2006, Logo was awarded in the "Big Stars" category, thanks to its growth rate over the last four years, in the "Big League", which includes technology companies with revenues of more than 50 million euros during the 2018 fiscal year. Logo has also been ranked in the second place in Technology Fast 50 Turkey 2019 edition.

5 Top 500 IT Company Research Awards

- Special Award for Contribution to Economy of Turkey - R&D Investment Winner Award
- Turkey-Based Manufacturer Category - ERP Software Winner Award
- e-Invoice, e-Ledger, e-Archive Software Winner Award
- Installation Maintenance Support Service Winner Award
- IT 500 Plus Category - Kocaeli Companies Winner Award

The most comprehensive research in the field of IT in Turkey "Top 500 IT Companies Research" was titled "IT 500 Plus" in 2019.

In 2019, Logo received 5 awards in total in the Contribution to the Turkish Economy Special Awards category, the 1st prize in R&D Investments; the 1st prize in ERP Software under Turkey-centered producer category; 1st prize in e-invoice, e-ledger, e-archive applications and installation, maintenance, and support; in addition to the 1st prize in the IT 500 Plus category as Kocaeli Companies.

R&D 250 - Companies with the Highest R&D Spending in Turkey

- Ranked 15th in 'Turkey's Top 250 Companies in R&D Expenditures',
- Ranked 13th in the Top 100 by Number of Undergraduate and Postgraduate Employees Working in the R&D Center
- Ranked 10th in the Top 100 by Number of Women Employees Working in the R&D Center
- Ranked 9th in the Top 50 by Number of Brands Registered in the R&D Center.

According to the study "R&D 250 Turkey's Top 250 Companies in R&D Expenditures" prepared by Turkishtime, Logo, Turkey's largest independent software company managed to prove its success in 4 categories: Ranked 15th in 'Turkey's Top 250 Companies in R&D Expenditures', 13th in the Top 100 by Number of Undergraduate and Postgraduate Employees Working in the R&D Center, 10th in the Top 100 by Number of Women Employees Working in the R&D Center, and finally, 9th in the Top 50 by Number of Brands Registered in the R&D Center (286 brands).

Kariyer.net Respect for Human Awards

- Logo Respect for Human Award

Logo was once again awarded at the "Respect for Human Awards" organized annually by Kariyer.net.

Services Exporters' Association awards

- 1st prize in the category of software and information technology services.

In the TIM 500 Service Export Awards held by the Service Exporters' Association (HİB), Logo won the 1st prize in the category of software and information technology services.

Approval from Goods and Services Tax Network (GSTN)

- Logo Vyapari became one of 8 software companies approved by Goods and Services Tax Network (GSTN).
- Logo Infosoft became the only approved international company.

Logo Infosoft is among the 8 companies approved by the Indian Goods and Services Tax Network (GSTN) and the only international company approved.

Turkey 2019 Investor Relations Awards

- Ranked 2nd in the "Rising Star" category in "Turkey 2019 Investor Relations Awards".

According to the 2019 survey conducted by Extel Institutional Investor, internationally known for its surveys in the field of investor relations, Logo ranked 2nd in the "Rising Star" category in "Turkey 2019 Investor Relations Awards".

Social Brands Awards organized by Social Media Awards

Logo ranked 2nd in the software category at the Social Brands Awards organized by the Social Media Awards that evaluates social media performances objectively based on data for one year between March 1, 2018 and March 1, 2019.

Logo - the first software company included in the Turquality® support program



In 2019, Turkey's most valuable IT brand Logo was accepted to the Turquality® support program which aims to create global Turkish brands. Logo has become the first software company in the Turquality® program as the pioneer of the software industry.

Logo's large ecosystem, of more than 800 business partners and more than 90 thousand active customers, that was created with Logo's visionary R&D approach and agile working methodology played a significant role in its inclusion to Turquality® in addition to its strong, flexible governance structure and wide product portfolio with different language options that can be adapted to different geographies.

As Turkey's international software brand, Logo is now a high tech Group comprising of companies exclusively focused on IT. The company has taken important steps to strengthen its presence abroad by acquiring Romania based Total Soft in 2016 and by founding Logo Infosoft in India. Logo is expected to move towards becoming a regional player even more strongly and confidently thanks to Turquality support.

Logo develops solutions for both the Turkish market and the international markets with its team of Turkish engineers, and expects Turkey's young and talented population, that is open to innovation and self improvement to become an asset for the Turkish software industry's growth in the global software sector. The company believes in the importance of branding and creating brand value in order to capitalize on these opportunities and to sustain the added value of the software industry.

The momentum to be achieved in the global markets will provide further contribution to the qualified workforce in Turkey. At this point, getting involved in the Turquality® support program bears a strategic importance. After receiving the support of Turquality®, the first and only state sponsored branding program in the world, it is anticipated that Logo will accelerate its efforts to further expand its brand in the global market.

Financial summary

Million TL	2019	2018
Net sales	422.1	321.1
Gross profit	347.1	257.1
Operating profit	92.5	64.3
Net income before tax	91.5	68.4
Net income	86.3	67.7
Earnings per share (1,000 shares at 0.01 TL nominal value)	34.5	27.1
Million TL	2019	2018
Total assets	775.7	563.2
Current assets	375.9	227.5
Fixed assets	399.8	335.7
Current liabilities	242.0	131.9
Long Term liabilities	139.1	112.6
Equity	394.6	318.6
Paid in capital	25.0	25.0
Current ratio	1.55	1.72
Total liabilities / Equity	0.97	0.77
Equity / Total assets	0.51	0.57

Sales revenue
422.1 Million TL

Operating profit margin
21,9%

EBITDA
142.3 Million TL

EBITDA margin
34%

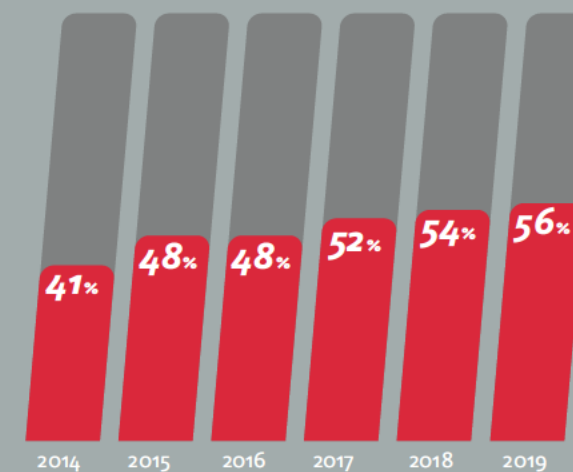
Financial indicators

Million TL	Domestic sales	International sales	Total sales
2019	275.1	147.0	422.1
2018	206.5	114.6	321.1
2017	177.2	79.0	256.2
2016	159.8	30.6	190.4

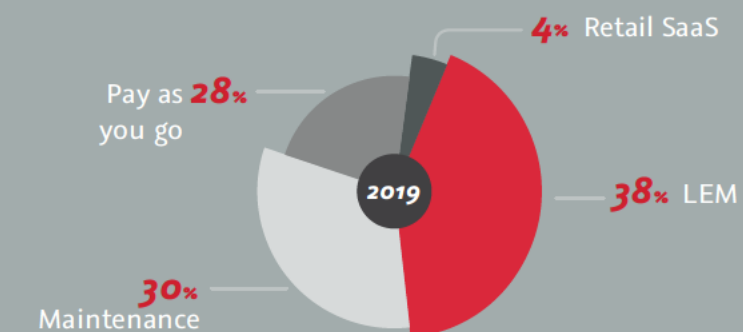
Growth
2019/2018 **33%** **28%** **31%**

	Geographical breakdown of sales (%)		EBITDA (million TL)	Net profit (million TL)
	Domestic Sales	International Sales		
2019	65%	35%	142.3	86.3
2018	64%	36%	101.3	67.7
2017	69%	31%	82.6	50.8
2016	84%	16%	86.1	45.3

Recurring revenues*



* Recurring invoices / total invoices



Logo's geography



Solutions family

ERP solutions

- Logo j-Platform
- Logo Tiger Wings Enterprise
- Logo Tiger 3 Enterprise
- Logo Tiger Wings
- Logo Tiger 3
- Logo Netsis Wings Enterprise
- Logo Netsis 3 Enterprise
- Logo Netsis Wings
- Logo Netsis 3 Standard

KOBI solutions

- Logo İşbaşı
- Logo Start 3
- Logo GO Wings
- Logo GO 3
- Logo Netsis Wings Entegre
- Logo Netsis 3 Entegre
- Logo Mali Müşavir 3

Human resources solutions

- Logo j-HR
- Logo Tiger 3 HR
- Logo Bordro Plus
- Logo Netsis 3 HR
- Logo Netsis 3 Bordro
- Logo Netsis 3 Bordro

CRM solutions

- Logo CRM
- Project solutions
- Treasury Management
- B2B Systems

Business analytics solutions

- Logo Mind Insight
- Logo Mind Navigator
- Logo Mind Budget

Warehouse management system

- Logo WMS Platform
- Logo Neon

Retail solutions

- Logo Diva Pos
- Logo Diva Service
- Logo Diva Channel
- Logo Diva Shop

Work flow management solutions

- Logo Flow

Occupational health and safety

- eLogo OHS

Integrated solutions

- Logo Turkcell Services

e-Solutions

- e-Invoice
- e-Archive
- e-Ledger
- e-Dispatch
- e-Producer Receipt
- e-Reconciliation
- e-Extract
- Connect Bank
- Connect B2b
- LogoPay
- e-Self-Employment Invoice

Logo Total Soft products

- Logo Charisma ERP
- Logo Charisma HCM
- Logo Charisma Analyzer
- Logo Charisma Medical
- Logo Charisma Mobile Solutions

Logo Infosoft products

- Logo Jugnu - ERP
- Logo Vira - DNMS
- Logo e-Reconciliation
- Logo Vyapari

Digital transformation services

- Digital transformation consultancy
- Project management
- Project implementation
- Custom software development
- Customization and integration
- Post-Project support services
- System management

Albania
Austria
Azerbaijan
Belarus
Bulgaria
Croatia
Czech Republic
Egypt
England
Georgia
Germany
Greece

Hungary
India
Iraq
Kazakhstan
Kosovo
Luxembourg
Macedonia
Moldova
Poland
Romania
Russia

Serbia
Slovenia
South Africa
Sudan
Switzerland
TRNC
Turkey
Ukraine
United Arab Emirates
United States of America
Uzbekistan





R&D and innovation lie at the core of sustainable success

Logo offers customer-oriented innovative products and services by paying close attention to the technological developments to distinguish itself from competition as an IT company. In a similar vein, Logo is a firm believer that the most important source for product development and sustainable solutions is R&D and innovation power. It organizes its R&D activities in accordance with the three “Horizons”, which are classified as short, medium and long term.

Since customer oriented R&D and innovation remain the epicentre of its corporate culture, Logo channels the most important part of its human resources and revenues into the development of superior products for its customers by using new generation technologies. In 2019, the R&D spending constituted 27% of the total revenue and a total of 123 million Turkish lira was allocated to R&D. Logo is on the way to becoming an innovative international leader, and thus taking important steps in this regard on a global scale. First of all, it carries on with its endeavours to transform into an organization where the finance, talent management, brand management and platform technologies are centralized. This international organization is moulded in a two tier shape: the strategic groups create a cluster on a central level and the tactical groups on a regional level. The functional part of the products is locally developed and managed. The non functional technology is strategically developed at the center.

Logo manages its R&D budget in the three tiered “Horizon” system. Horizon 1 includes improvements in order to demonstrate good performance in the current year. These include the developments and improvements related to current products requested by customers, business partners and in house referrals. 60% of the R&D budget and energy is channelled towards Horizon 1 direction. The medium and long term R&D activities of the company are treated under Horizon 2 and Horizon 3. Horizon 2 covers new products in chime with the industry requirements and developments on the new products in a time span of 1,5 2 years. Horizon 3 consists of innovation and R&D studies in the field of cloud, big data and machine learning, which are the focus of digital transformation. These take up approximately 30% and 10% of the R&D budget, respectively.

Logo Agile Process Improvement System (LAPIS) is one of the most important tools for innovation and execution of R&D strategy. Developed as a result of lean manufacturing philosophy, LAPIS

is an agile software development methodology that continually improves itself, adapts quickly to innovations, and focuses on teamwork and customer needs with its dynamic and flexible structure. Logo is working to spread this methodology as a process to other companies. It distributes the roles and responsibilities within the organization according to LAPIS and uses common tools such as Jira, Confluence, and Git in LAPIS processes.

In order to create a common work and product development culture, cross company focused teams are formed. Hackathons are organized, for they contribute to both the shared culture and the innovation capacity.

Logo incorporates new companies through mergers and acquisitions and transfers these companies’ know how and experiences in the field of technology. It identifies the components that can be shared in the software architecture of different companies and within the scope of R&D studies; and adapts these companies’ products to its own standards in a way to provide more efficient and high quality results.

Software architecture team implemented various projects in 2019 with the vision of capacity building by following global digital trends and technological developments as well as problem solving with original and innovative approaches by defining thematic digital transformation needs in the services offered by Logo.

Machine learning supported business applications with Logo.us

The development process of Logo.us platform. A special machine learning platform in the area of enterprise application solutions, which has been initiated with the support of TUBITAK (Scientific and Technological Research Council of Turkey) in 2018 promptly continued in 2019. This platform has four main goals:

- Improving business processes using valuable



data in enterprise application solutions

- Offering value added products and services for different sectors and business functions
- Increasing international competitiveness

- Supporting traditional software development processes with machine learning

- Internalization of big data processing and machine learning expertise

In line with these goals, different machine learning models intended for an array of enterprise business processes have been developed and value added products and services have been launched. In this context:

- As part of the Customer Satisfaction Management process, Customer Emotion Detection, Asset Recognition and Chatbot models for Customer Support were developed using Data Flow Infrastructure. These new models were designed to be integrated into Logo solutions.

- Customer Loss Estimation and Budget Revenue Estimation models were developed.

- A Customer Segmentation model was created for the Customer Segmentation and Campaign Duration business processes.

- Models were developed to increase Service Continuity.

- A Headcount Estimation Model based on Camera Visuals was created for the Sales Management process in stores.

Based entirely on machine learning, these models aim to render Logo’s enterprise applications to

be agile and fast in order to increase customer satisfaction by means of personalized products and services. Especially the models on service call times, unusual calls and unusual errors aim to provide enterprise application solutions within Logo with system continuity.

The Customer Assistance Chatbot model library on the Logo.us platform is also offered as open source via GitHub. Thus, Logo, thanks to the open code sharing contributes to the joint development of corporate business processes in Turkey.

Pioneer in open source applications

Logo made available to the software users not only some components on the Logo.us platform, but also the test automation tool Logo Tedam (Logo Test and Data Automation Manager). By sharing Logo Tedam, which offers an end to end solution in automation of software tests, on GitHub as an open source code, Logo made it possible for everyone to prepare end to end test automation scenarios, as well as run and manage them for web applications.

Logo perceives its presence in the open source code world, not only as a consumer, but also as a contributing developer, as an integral part of its social responsibility. This initiative of Logo enables the software tests to be run correctly and effectively with automation and by doing so, it supports the high quality software development in Turkey.

The source codes of Logo Tedam can be accessed at GitHub at <https://github.com/logobs/tedam>. Docker versions of Logo Tedam are also simultaneously available at <https://hub.docker.com/u/logobs>



Transformation of products into service models and eco-PaaS

The foundation of the eco PaaS project for the development of the software ecosystem platform in cloud based ERP applications was laid in 2018. In 2019, all services of eco PaaS were consolidated in Logo's processes and made scalable. Thanks to the technological synergy created, billions of electronic documents (e invoices) have been stored on the eco PaaS based document management system, thereby ensuring significant savings in terms of the data storage volume.

On the other hand, scenario based thematic services have been launched with the j Platform Rest Recorder. Also, API (Application Programming Interface) gateway was created for all eco PaaS services. Another important development in 2019 was the Smart Data Conversion Platform. This platform renders the conversion from Logo branded or other suppliers' commercial applications to Logo j Platform quickly and reliably without any data loss.



Logo put an effort to develop a chatbot within docs.logo.com.tr together with the participants of the Machine Learning Hackathon, sponsored by Logo in line with its aim of shaping the future together with young people on its 35th anniversary. The hackathon was part of AWS Pop Up Loft, a temporary event and community area established in Istanbul Galata Greek School, organized by Amazon Web Services on September 19, 2019. The main focus was set on developing cloud services

and chatbot, and as a result young people benefited from Logo's experience and vision in product development.

Logo continues its cooperation with universities within the scope of its R&D studies by sharing the cloud machine learning platform with the academic world during the conference titled "In Search for a National Strategy in Artificial Intelligence" held by Ege University.

Agility that customers need

LAPIS, an output of the lean production philosophy and a work system powered by Logo's long years of global experience, provides customers the agile services they need.

For 35 years, Logo has been developing enterprise application solutions to increase the productivity and profitability of companies. With these solutions, Logo develops its business processes and contributes to the development of the industry. The first step for the design of LAPIS (Logo Agile Process Improvement System) were taken in 2008 in parallel with the changing customer needs stemming from the acceleration and spread of the Internet use and inspired by the lean production philosophy. This system enabled the creation of a process, which covers all stages of the software development journey, including the company's capacity planning, project management, and quality and productivity measurements among others.

LAPIS, which was introduced in 2014 with the announcement of its first declaration, is an agile software development methodology that focuses on teamwork and on customer needs with its dynamic and flexible structure, and it is continuously improving and rapidly adapting to new developments. Improvements to product specifications provide customers with the agility they need in line with the version calendar.

The LAPIS process produces output with short loops through feedback from customers and minimizes the risks in project development thanks to

continuous feedback. In this way, the service quality is always kept at the highest level and the projects gain a more agile character.

The LAPIS process allows a software project to be processed like a production line by turning it into a product or service. In this sense, Logo considers itself as a software factory, where the majority of employees works in the R&D field, inspects and constantly improves its products and services to achieve the level of zero error. In this software factory, all products and services constitute a business field. Costs and revenues are planned, and forward looking investment plans are made for greater efficiency.

Logo's various products catering to different needs, are easily accessible through the same system thanks to their common infrastructure and interface.

The basis of LAPIS is the cycles specific to each product, which is considered as the pulse of Logo. The new version of each product is being launched during these cycles. At this pace, 298 new versions were released in 2019. In these versions, the number of new features developed solely by the product development team totalled 3,949.

A well-established, reliable and leading brand

With a long-standing history of 35 years, Logo is Turkey's leading brand in enterprise applications software with the confidence of having accompanied the growth journey of more than 200,000 firms as well as the countless leading approaches it introduced throughout the history of information technologies in Turkey. The company continued its leadership and strengthened its brand awareness in this field through its investments in brand communication in 2019.

The communication of Logo is built on raising awareness among companies of all sizes about the importance of confidently ushering their businesses into the future through corporate and technological contents; and explaining the contribution of Logo solutions in productivity growth across various fields during their digitalization and digital transformation journey.

"35 years together" communication campaign

In 2019, Logo has created a 360° communication plan to continue throughout the year in chime with its communication strategy's message "For 35 years, we have been growing with you, we are coding the future together" in order to celebrate its 35th anniversary. Within the scope of the 360 degree communication approach including TV, cinema, magazines, radio, internet, outdoor advertisements and promotional activities, media planning was made in order to reach all companies and managers who want to invest in the future with corporate resource planning and functional solutions and aim to increase productivity in their business.

With this communication campaign, Logo has forged an emotional bond by emphasizing that it has been achieving its goal of creating value for everyone living in this geography with passion and

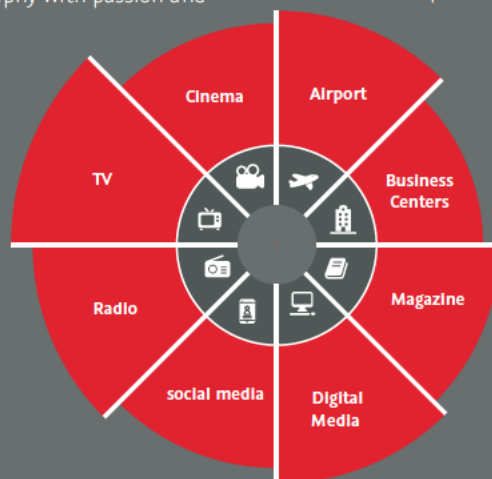
agility for 35 years 'together' with all its stakeholders along this journey. In the advertising campaign, a new approach is brought to the serious image of the industry and it is explained with humor that Logo stands by its customers during their growth process at all stages.

In its advertising film wrapped around the fiction of "happens only in ads", Logo fits the story of growing up from a baby to becoming a businessman or transforming from a seed to a deep rooted tree in the blink of an eye. And it meets with the audience with references to the long term Logo users from a craftsman to an owner of a holding company, who are accompanied by Logo during their long journey and growing together during this process.

Logo offers its services to more than 90,000 active customers and more than 600,000 users in an ecosystem of 5,000 people with more than 1,200 employees and 800 business partners.

Logo reinforced its slogan "We are coding the future together" which eventually encompassed as its vision with the phrase "together for 35 years" and positioned it as the pivotal point of its communication strategy.

By reaching 14 million people, this communication campaign was a great success in terms of brand awareness and corporate brand reputation.



Logo Blog for sectoral news and developments in world of technology

The SME friendly blog page which was launched in 2018 to guide business owners, managers and information technology specialists who want to closely follow up sectoral and regulatory developments and to use innovation and new developments to improve

their business. It reached its readers in 2019 with 108 blog posts. The blog, where information and user experiences about Logo products are posted, contains IT related developments and industry news, besides informative content on company management, software, business life, human resources, sales, and marketing among others. The website can be accessed at blog.logo.com.tr.

Logo Blog

3 minute 31 seconds
Average time spent in the blog

788,383
Single user visits

Posts
108

Digital marketing

Logo Software reaches its stakeholders with digital ads and organic content to increase awareness regarding its products and solutions. It works towards increasing sales opportunities for all business units through digital marketing activities.

Logo's website which was renewed in 2019 demonstrated a successful performance as well. With the launch of the new website, the transformation rate increased by 77%. Total number of forms increased by 218% compared to 2018. In 2019, the number of website visitors was 1,504,732

logo.com.tr

5,949
Leads generated froms

1,504,732
Single user visits

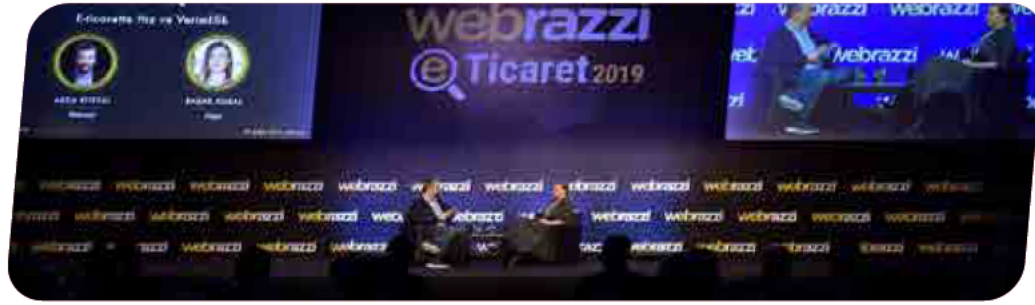


The door to the future project

In 2019, Logo launched the "Door to the Future" project to render the benefits, value and change it creates as a leading solution partner in the digital transformation journey of companies more visible and understandable.

The "Door to the Future" project, which was created with augmented reality technology and offered to over 800 business partners of Logo, took the customer experience to a different dimension.

Logo business partners, who visit hundreds of thousands of customers every year, can share case studies where companies successfully led their digital transformation with Logo's support, in the most realistic way thanks to this new application. Customers have the opportunity to take a virtual tour in a company, even if located on the far side of Turkey and listen to their success story first hand.



Opinion leaders in the industry

Throughout the year, Logo executives participated in 59 different events, addressing a wide range of audiences from senior executives to university students from SME owners in Anatolia, to capital market investors and from new entrepreneurs to academics.

Presentations guiding the industry regarding digital transformation, highlighting the importance of software in our lives and the importance of design in coding, and as well as presentations telling the inspiring 35 year story of Logo turning into a company with global profile from a start up, strengthened Logo's leading position in the industry in line with its corporate brand image.

Some of the important events Logo attended in the capacity of speaker:

- Webrazzi e Commerce Summit
- Sustainable Brands Conference
- Turkcell Technology Summit
- AWS Loft İstanbul
- CHRO Summit
- Sustainable Growth Through Capital Markets Conference
- TIGV Reboot 2019
- Smart Future World Expo'19
- 27th PERYÖN Human Management Congress
- TÜYİD Investor Relations Summit 2019

The 2,474 news items in print and digital press helped Logo reach 28,936,737 people.



Creating platforms to stay close to the stakeholders

In 2019, a total of 137 events in 19 different cities intended for different stakeholder groups were organized or co organized by Logo in collaboration with leading NGOs, IT and technology institutions.

Logo found the opportunity to meet with the SMEs at different events such as the "Support and Financial Opportunities provided to SMEs and Entrepreneurs" conference organized by the Turkish Small and Medium Sized Businesses, Self Employed Professionals and Managers Foundation (TOSYÖV) and the "The Third SMEs and Information Congress" organized by the Informatics Association of Turkey (Türkiye Bilişim Derneği) and at the "Digital Anatolia Event" organized by Türkkonfed.

Throughout the year, Logo has met with young people in many events on different themes such as technology, finance, innovation and marketing at different universities including Istanbul Technical University, Black Sea Technical University and Aegean University and has been a source of inspiration for young people seeking to shape their future.

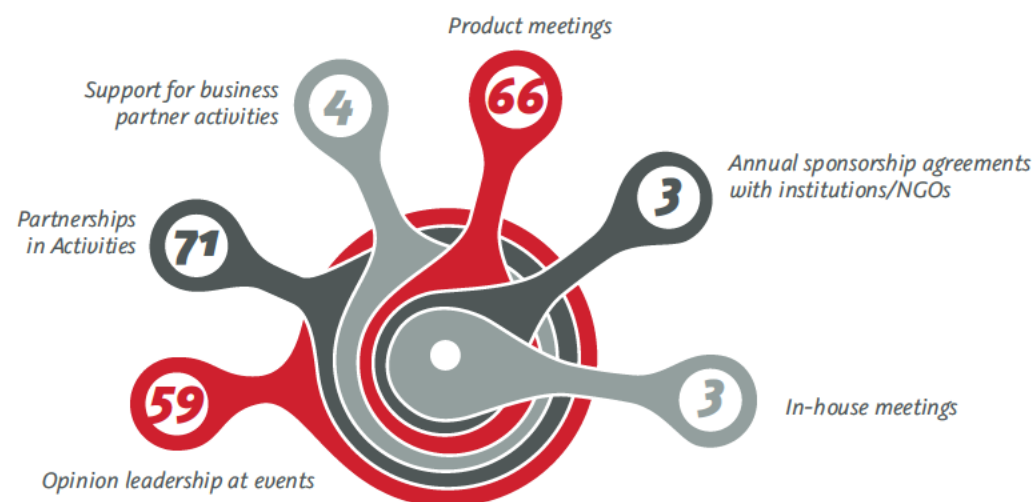
More than 800 people participated in the Logo Business Partners Meeting held in Antalya in February. The event was held under the theme "Make a Difference", where rapid changes in technology, future oriented designs and digital campaigns were discussed, and Logo shared its mid term and long term strategies with its business partners.





Another highlight of the year was the "Best Managed Companies" event organized by Deloitte with Logo's sponsorship. During the event, the best managed

companies were evaluated by the jury including Logo Yazılım Vice Chairman and Logo Group CEO M. Buğra Koyuncu, and received their awards at the ceremony.



Building cultural bridges with the Romanian Cantemir Concert

As one of Turkey's first software companies, Logo continues its journey towards becoming a global brand with its more than thousand employees in Turkey, Romania and India. Logo spares no effort in order to represent our country internationally in terms of creativity, problem solving ability and service mentality.

This year marks the 35th anniversary of Logo and the 25th of its subsidiary in Romania, Logo Total Soft. Upon this special occasion, Logo aimed to enhance its global character by establishing some common history and cultural bridges and by highlighting the creativity of the two nations in the personality of Dimitri Cantemir, who appears in the common history of Turkey and Romania. The book "Prince Dimitrie Cantemir Theorist and Composer of Turkish Music" by the Romanian author Eugenia Popescu Judetz was published in both in Turkish and English, by the Pan Publishing House in 2018 in Turkey. It has been translated into

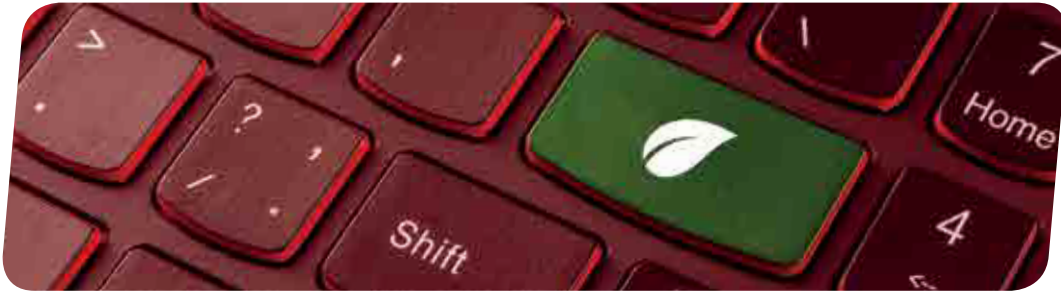
Romanian and published in Romania as well. In March 2019, a concert was held in Bucharest in March with the repertoire prepared by composer and musician Cengiz Onural inspired by "bağlama"* music composed by Dimitri Cantemir during the 22 years he lived in Istanbul. The concert took place in Bucharest's historic Athenaeum concert hall, under the direction of the famous Romanian orchestra conductor Christian Badea of the George Enescu Philharmonic Orchestra. At the concert, a group of four Turkish artists performed as soloists to play the traditional Turkish folk instruments; also, Anton Pann group which performs Cantemir's music in Romania, executed the vocal parts with a choir of 20 people.

The Ambassador of the Republic of Turkey in Romania as well as leading figures of the diplomacy, business, culture and arts world were among the attendees. The concert aimed at understanding and reinterpreting Cantemir emerged as a cultural bridge that will strengthen bonds between Turkish and Romanian cultures. Over 700 people attended the concert.



*Turkish folk instrument

A transparent and sustainable approach, responsible towards society and nature



Logo continues its endeavours to increase its share in the domestic market and grow in the global markets in order to realize its potential and create value as a company established in a country that has vast local knowledge and experience and that aims to become one of the 10 largest economies in the world.

Logo is the leading company with the largest number of customers in the Turkish application software market. Since the first day, the company's activities have been based on the fundamental values of fairness, transparency, accountability and responsibility. Logo became the first IT company in Turkey in May 2000 to go public.

Logo was included in the corporate governance index in 2009 and increased its rating score from 9.11 in 2018 to 9.22 in 2019. In addition to BIST Corporate Governance Index, Logo also takes place in the World Corporate Governance Index (WCGI) covering 150 countries.

In "Turkey's Most Valuable Brands 2019" research conducted by Brand Finance, an independent brand evaluation organization, Logo stands out as the leader of the IT industry, for carrying out its activities since its establishment with a sense of responsibility towards society and nature.

Logo is headed towards becoming a regional player and pays the utmost attention to create permanent added value. Due to its role in technological transformation, the company provides solutions that create added value in many areas such as Industry 4.0, cloud computing, and machine learning thereby assisting companies to operate more efficiently and to adapt to today's competitive dynamics. It triggers sustainable transformation in both its own activities

and those within its ecosystem.

In line with this, Logo's sustainability strategy focuses on investing in the society, the environment and the future of the company, and contributing to the sustainable transformation of its ecosystem with innovative products and services.

In respect to United Nations (UN) Sustainable Development Goals (SDG), Logo contributes to industry, innovation, infrastructure (SDG9) and decent work and economic growth (SDG8) goals by giving priority to technology and R&D, digital transformation, customer privacy and data security, customer focus, customer satisfaction and supporting entrepreneurship. Parallel to these topics, by focusing on social contribution areas with its policies on business ethics, diversity and equal opportunities Logo contributes to the following goals as well; reduced inequalities (SDG10), gender equality (SDG5), partnerships for the goals (SDG17) and quality education (SDG4) goals.

In 2019, a separate committee and working group structure was established for Sustainability efforts at Logo. The aim of this new structure is to create sustainability approaches compatible with the company strategy, to monitor and report on projects, and to make continuous improvements in transition from policy to implementation. It is important for Logo to act with a holistic and integrated perspective.

Logo applied voluntarily and got accepted to Borsa Istanbul Sustainability Index as of November 2017 and has been publishing Sustainability Report since 2018.

In 2019, a stakeholder survey was conducted within the scope of stakeholder analysis to update the priority matrix. This study along with the sustainability strategy and vision will contribute to the creation of a roadmap for 2020 and beyond.

Launch of "Logo Future Coders Lab"

Logo launched "Logo Future Coders Lab" in 2019 in line with the importance it attaches to the quality education, gender equality, and decent work and economic growth items among the UN Sustainable Development Goals. The initiative was carried out with the contributions of All Children are Our Children Association (BÇBD) and Atölye Vizyon to fulfil social responsibilities and to inspire future software developers. "Logo Future Coders Lab" official opening took place in Logo's Gebze campus, then at Şişli Mareşal Fevzi Çakmak Pakmaya Primary School and at Şehit Fikret Metin Öztürk Primary

School with the support of Logo's 7 Business Partners. Furthermore, thanks to Logo Renk Club's support, the future coders lab was built at Harmantepe Secondary School with 21 computers. As of today, these robotic coding workshops have managed to reach more than 2,000 children and with the support of Logo Business Partners and its ecosystem, the target is to spread the initiative all around Turkey.

"Logo Future Coders Lab" teaches coding to children by implementing fun methods and teamwork, and further aims to impact their future lives from today by developing their imagination, mechanical aptitudes and analytical skills. In the 32-week-long robotics programming training for children of 8-10 age group, there are workshops on 3D design, different drawing methods, algorithm creation, 3D material organization, robot building with the use of sensors, understanding the logic of the "if ... then" concept, interactive games and stories creation, and use of graphical programming blocks.

The children who participated in "Logo Future Coders Lab" at first stage, built robots that dance in the



dark and in the light thanks to light sensors. Once the training is completed, the objects created by the children by instantiating their imagination will be exhibited.

Other corporate social responsibility activities:

- As a part of the Anatolian Scholarship project, which aims to spread qualified education on a grassroots level, two female students from Koç University were awarded with the Logo Scholarship.
- 10 successful students at the M. Tuğrul Tekbulut Information Technology Vocational High School were awarded with scholarships.
- A plethora of projects are organized in collaboration with the "All Children are Our Children Association" to offer support to students who face financial difficulties.
- Logo Children's Festival on April 23rd, which has been taking place for 6 years now has become a company tradition, brings the children of Logo employees together in many creative events from design workshops to dance events.
- Being aware of the importance of the business world's efforts in eliminating gender inequality within society, Logo attaches a special importance to providing its women employees and managers with equal opportunities and resources. Women represent 44% of all employees and 40% of top management at Logo. A human resource policy, which aims to improve these ratios is currently in place.
- During our 2019 International Women's Day event held on March, 8th, associations such as the Business and Professional Women Association (BPW), and the Association for Supporting Women Candidates (Ka-Der) conveyed their messages to Logo employees.
- Logo was included in the "mentoring" program in cooperation with TurkishWin. 15 women managers who served as mentors on behalf of Logo, contributed to young women students to make a difference in their career routes and to get help in matters related to their business life.
- Established in 2006, Logo Sailing Team has become a sports club with regular investments. The team consists of 16 people who have many achievements both nationally and internationally. Logo Sailing Team constitutes a significant part of the company's support for sports and the social impact it creates in this field. In 2019, Logo Sailing Team participated in 27 races and

managed to rank 1st four times, 2nd seven times, and 3rd six times. In addition, the team won the first prize in TAYK Matıoio Trophy.

- In the 41st Vodafone Istanbul Marathon on November 3rd, 2019, Logo employees contributed to the Buldan Foundation's 'Our Girl Will Go to School' project by creating a Corporate Running Team on the 10 kilometres track.
- In Turkey, there is a need for 2 million units of blood per year for emergency cases of sick and wounded people due to various reasons. Blood is a tissue that cannot be manufactured, and its sole source is a healthy donor. Being fully aware of this reality, Logo organized a blood donation campaign in 2019 as in previous years, during which Red Crescent Blood Donation Units were established in Logo's Campus with the help of the Izmit Red Crescent Blood Center team.
- Logo actively participates in the "Business Against Domestic Violence Project" organized by Sabancı University, started to educate in-house trainers in this field and commissioned presentations and activities to raise awareness on the topic within the company.
- Social awareness is evident within the company and can be observed throughout the whole organization at all levels. The board members, managers and employees are all sensitive to social issues, and most of them participate in activities in social cases and NGOs. M. Tuğrul Tekbulut, the founder of the company and the chairman of the board, founded the "M. Tuğrul Tekbulut Information Technology Vocational High School", in collaboration with the National Education Ministry". Also, his investments in a plethora of start-ups stand out as Logo's additional benefits in the social field.
- In addition to the support from the senior management, Logo employees teach topics such as Computer Culture, MS-Office, HTML and CSS to M. Tuğrul Tekbulut Bilişim Teknik Vocational High School students after school hours. The classes, which started on a voluntary basis in 2018, continued in 2019 with increasing demand. In addition, Python and Introduction to Data Science classes are also given at Gebze Bilsem (Science and Art Education Center), which M. Tuğrul Tekbulut Bilişim Teknik Vocational High School's gifted students attend during after school hours.
- In 2019, Logo donated a total amount of 498.043 TL to a plethora of non-governmental organizations.

Employee experience focus



'People and Organizational Transformation' framework was created in 2018 under human resources management in order to support the well-being, effectiveness, and self-improvement efforts of Logo family members. The first step to undertake in order to enhance Logo's employer brand was the strategy formulation process. In 2019, within the scope of People and Organizational Transformation strategy, the focus was set on employee experience.

Three dimensions affecting employee experience were developed and sub strategies are defined:

1. Build leadership capacity
2. Approach culture from a working environment perspective
3. Ensure that the structure, system and processes are aligned with the vision and objectives

Various projects were conducted in 2019 in line with this strategy formulated in 2018. Logo won the Kariyer.net Award for Respect to Human in recognition of its effective human resources practices.

Spreading leadership platforms and strategic goals to all levels

In line with Logo's growth requirements and the strategy of creating an international structure, the organization was restructured under a larger group umbrella. The main product and service lines operating like autonomous companies within Logo are now organized as Business Lines under the umbrella of Logo Group. Thus, within Logo Group, in addition to the subsidiaries Total Soft (Romania) and Logo Infosoft (India), 5 new separate business lines were defined in Turkey:

- Logo Turkey
- eLogo
- Logo Retail Solutions
- Logo KOBİ Dijital Hizmetler

Digital Transformation Services

In addition to these business lines, the functions that will support all group companies and determine the main strategies in their respective fields are also configured as Logo Group Functions. Logo Leaders Platform was created with the aims of rendering the leadership team wider and more comprehensive and synchronizing these business lines and expertise functions. Some key executives in critical roles at various levels directly reporting to the CEO have been included in this platform. The strategies have been defined together with this extensive management team. The Logo Strategy House was established within the framework of the "We are coding the future together" vision.

Logo Vision Meetings were held to strengthen executives' communication with all employees. At the 2019 Vision Meeting, which was held on January 12th, the leaders informed all Logo members about 2019 vision and strategies. In addition, members of the "Logo Leaders Platform" transferred their new competency sets to Logo employees. In this context, employees were made aware of shared goals and new approaches. The satisfaction survey conducted after the LogoVision Meeting revealed a satisfaction level of 94%.

Goal setting workshops facilitated by People and Organizational Transformation were held in every department in order to enable each employee to directly link their own goals to the company targets and locate their own work within the big picture. 151 Logo employees participated in a



total of 11 goal setting workshops. The aim was to ensure that the goals flow to all employees accurately and precisely. In order to align leaders' performance evaluation, 16 performance calibration meetings with all units were held at the end of 2019. 72 managers participated in these meetings.

In order to develop the leadership competencies of the managers, the three phase Leadership Development Program, including Self Leadership, Leading a Team, and Leading One's Own Job, was designed and held with the participation of approximately 125 senior and mid level managers. Furthermore, a feedback training program was held to support the performance evaluation process. Personal Development Agendas were prepared for a total of 42 directors and managers, who have been included in the Development Center Program.

Additionally, as a result of the workshops held with the departments, four main competencies have been determined in line with the culture Logo aims to achieve. A series of communication activities have been carried out within the organization to internalize these competencies, which include Value Creation, Customer Orientation, Agility, and

Cooperation and Teamwork. Furthermore, senior and mid level Logo managers attended Leadership Training Programs with practical exercises. Rewarding competency based good practices have also been incorporated into the compensation system. Additionally, the performance system has been altered in a way to transfer its exclusive focus from the targets towards both targets (70%) and competencies (30%). This process started as a pilot phase in 2018 and was launched in 2019.

Within the context of another effort to improve the Logo employees' competencies, starting from the Turkish operation, job families and career paths of functions have been identified and bottom up promotion processes have been determined. In addition, job specifications and qualifications have been defined in horizontal vertical cross transfers.

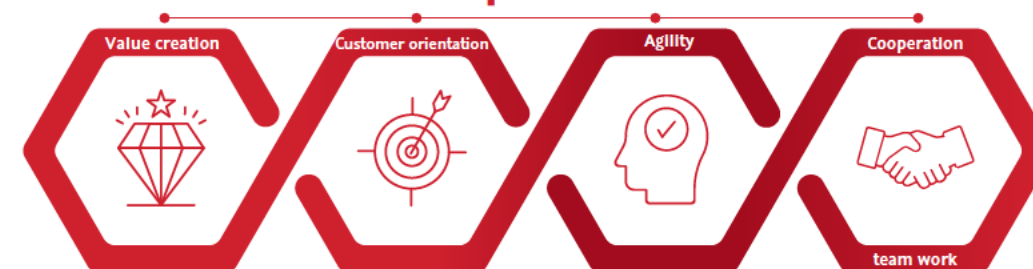
As a result of the review of Korn Ferry Hay pay system, the title oriented approach has been replaced with a job grade oriented one. Career paths were mapped on horizontal and vertical movements by clarifying narrow and wide grade definitions. This new structure allowed all HR



policies to be associated with the grades and the perception of promotion within the organization according to the title has been altered. In 2019, this system was expanded to cover the subsidiaries in Romania and India. The aim of

this new structure is to create equivalency among different organizations and to render transfers and rotations between different functions and countries more smoothly.

Competencies



LAPIS methodology throughout the organization

Logo Agile Process Improvement System (LAPIS), which was developed by Logo in 2008, has been used by the product development units for many years. Within the People and Organizational Transformation context, our Organizational Development unit started working with this methodology as of October 2019 and became the first "non IT" LAPIS user unit. Immediately afterwards, the Pay & Reward and Employee Relations unit started using this methodology as well. Working with two week sprint

planning, the team develops tangible outputs at the end of each sprint.

LAPIS methodology ensuring a serious efficiency increase and potential for agile action, revealed very positive results in user units. The aim is that all units within the department, including Administrative Affairs, will operate with this methodology. Apart from People and Organizational Transformation, preparations are underway for the transition of different "non IT" units into LAPIS. In the first stage, the transition process of three different non IT units to the LAPIS methodology has started.

Employee engagement survey

The results of the Employee Engagement Survey (EES) conducted at the end of 2018 were disclosed in a transparent way to all Logo employees by M. Buğra Koyuncu, Logo Group CEO. Later, Logo Leaders presented the results of the EES to their teams on the basis of functions. For the in depth examination of the issues identified as improvement areas, 12 focus group meetings were held with the participation of 179 people from all levels and functions of Logo. 16 project groups were created in line with the suggestions of the focus groups. 2020 action plan was created based on these project ideas and improvement suggestions offered by Logo employees. Improvement suggestions for the physical working environment were also evaluated by the Administrative Affairs and Facility Management unit, and various improvements were made in all locations.

According to the results of the 2018 EES, various studies were conducted on compensation and recognition programs to strengthen the employee experience. WOW! (VAY BE!) Platform was launched for the active use of all Logo employees, which consists of three categories (Instant Recognition, That's It Award, and Value Award). The platform with its user friendly design can be accessed over the intranet. Thanks to WOW! Platform, employees and managers can instantly show their appreciation to each other and share their suggestions with the senior management.

Transformation of Logo Academy

Logo Academy architecture has been redefined for Logo Group to carry out training and development activities under one roof and to integrate with HR processes. In 2019, 12 hours face to face training was provided for Logo employees within the Logo Academy.

Membership and access to national and international online learning platforms were provided to increase digital learning opportunities. 575 employees enrolled in 1,409 online training using these platforms.

Training Catalog was re created by making a

detailed analysis of training and development needs on the basis of all departments. Mixed development programs, technical trainings, competence trainings were designed for Leadership, Sales, Customer Service Support functions. According to the results of the Employee Loyalty survey, 'Single Team' trainings were held for the teams that need improvement in communication and teamwork competency among the teams.

As part of the training and development programs of Logo Academy internal training development program and procedure were developed in order to create digital expertise within the company.

Attracting new talent

Talent acquisition process at Logo is planned in a way to find the most appropriate teammates based on corporate culture, company goals and competencies specific to the position. The principle of equal opportunity is observed in recruitment, and evaluations are made based on knowledge, experience and Logo competencies. The main strategic objective during the selection process is to bring the most qualified young people and experienced professionals who will take Logo forward, as a result of a fair and objective selection process. In this regard, professional General Aptitude Tests and Personality Inventories are used.

The talent acquisition and candidate evaluation stages are updated as part of the continuous progress and digitalization process. In this framework, the candidate is provided with a flexible meeting environment through internet based interview platforms. A professional invitation is sent to the candidates by actively using the interview tool over the Internet; the candidates can participate in online interviews by connecting to the system from anywhere. These meetings are also observed by the managers, which allows the evaluations to be completed in a shorter period of time.

Aiming to strengthen the culture of diversity and inclusion in talent acquisition, Logo adopts a woman and youth oriented approach. Some of the works carried out in this context in 2019 are listed below:

Within the scope of the career days, Logo got in contact with students by setting HR stands at Bilkent and ITU campuses.

- Logo participated in the Young Women Career Day as a Gold Sponsor in cooperation with Turkishwin, as a part of its woman and youth oriented initiatives. Ms Süheyla Özgül, General Manager of Logo Digital Transformation Services, delivered a speech during the event attended by 1,000 people.

- Logo participated as a Golden Sponsor on the Gebze Technical University Science and Technology days. Logo met students at its HR stand during the 2 day event. Ms. Başak Kural, eLogo General Manager delivered a speech.

- Logo participated as a Silver Sponsor to the Gebze Technical University Geek Day with an HR stand. A presentation on Progressive Web App was held.

- A speech including the software processes, Talent Acquisition and Login internship program of Logo took place at the Dokuz Eylül University. Logo met with 3rd and 4th grade students.

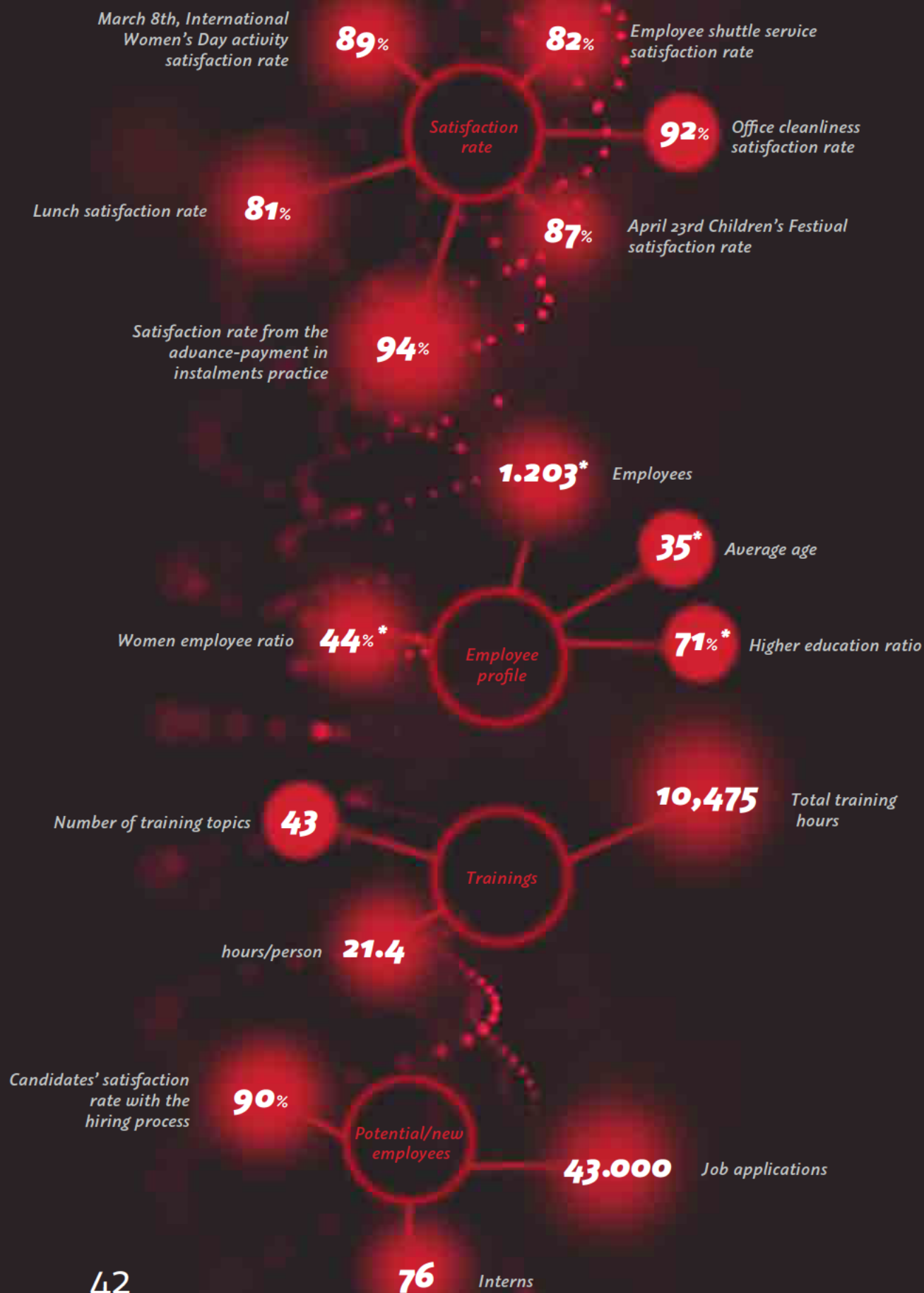
- A case study was held at Bilkent University, where a speech was delivered regarding HR and Login internship programs.

- Logo managers made presentations at conferences attended by hundreds of students in many universities.

- The Login Internship Program has been

organized again. The program aims to feed Logo young talent pool with high potential candidates and strengthen the Logo employer brand perception for potential candidates and increase awareness. In 2019, more than 4,400 candidates, 45% of which were women, applied to this internship program whereas 400 applications were received in 2018 with 27% women. 70% of these candidates continue their education in engineering departments. The candidates went through various recruitment phases such as technical testing (.NET and Java language), video interview, case study and personality inventory, and the candidates who reached the final stage were placed in the relevant departments as trainees. Thus, 76 young people, 50% of whom were women, completed their internship journey at Logo. During this process, trainees participated in an orientation program, in addition to training on social and technical skills. Furthermore, at the end of the internship program, 18 interns had the opportunity to continue their careers at Logo, 15 part time and 3 full time, with a ratio of 50% women 50% men.

On the other hand, meetings were held with the employees, who have completed their 2nd and 6th months in Logo, with an aim to learn about their experiences and evaluations regarding their managers and teams. The operational process of these meetings was handled over the system. An automated e mail message is sent to the employees and their managers via the system, and after the approval the meeting minutes are also saved on the system.



Practices supporting the employees

LEAP Employee Support Program ensures that employees and their families receive reliable support from experts, 6 times a year on a face to face basis and 24/7 support call centre, for any difficulty they may face in their professional and personal lives. In addition to the individual interviews, expert psychologists visit the company 7 times a year and provide seminars on issues such as communication, parental behaviour, motivation and anxiety for success. The LEAP caters the needs in the topics of psychological counselling; medical advice; marriage, family, child and adolescent counselling; mother and baby program; legal, financial and regulatory consultancy; training consultancy, wellness program, and concierge consultancy.

Furthermore, Logo offers its employees the advance payment in instalments practice. In this framework, Logo employees are provided with cash advance up to twice the net salary, in cases where the criteria set by the company are met. Thus, the needs of the employees such as military service duty or education fees are supported.

Enriched social opportunities and benefits

A Starbucks coffee station was installed in Logo Group's headquarters located in Gebze Organized Industrial Zone to create a socially satisfying environment for employees. In addition, activities such as the organic market, book stands, and women issues related NGO promotion stands are organized throughout the year. Within the scope of LogExtra application, special discounts are offered to employees in cooperation with various companies.

Birthday parties are organized every month in all Logo offices for employees, who have birthdays in that specific month. Employees also use a day off on their birthday or in the course of the relevant month.

As of the beginning of the 2018 2019 academic year, the employees who are also parents, were encouraged to use half day leave on the first day of school, and communication activities were carried out on this issue.

In terms of benefits, every employee is offered private health insurance in various packages on the first days of employment. All employees who have completed the trial period are provided with an Employer Contributed Personal Pension System application.

Logo Children's Festival organized on April 23rd every year became a tradition within Logo. The festival provides an excellent opportunity for Logo employees' children to come together for a series of creative events such as design workshops and dance events.

Meet Up social network offers a meeting point for professionals with the same interests and organizes events together with the Future Coders Club.

Transparency practices

Focusing on the principles of transparency and trust within the organization from the employees' point of view, Logo Ethics Line operates as a 24/7 support line, where Logo employees can share ethical violations of Logo corporate principles and express their concerns. Ethics line is managed by Remed Assistance, a company entirely independent of Logo.

In addition, meetings are held twice a year with the participation of senior executives and employees, where the general overview of the company and specific agenda items are discussed. These regular meetings bolster the communication and transparency within the company.



Digital transformation changes the way of doing business

Logo is fully aware of the fact that technology is merely a tool in the digital transformation process. What really matters is to formulate a corporate strategy for digital transformation and learning organization, as well as implementing change management effectively.

The changes implemented within the scope of People and Organizational Development progress is conducted in line with the organizational change of the company. While moving focus from product to process oriented organization, the department internalizes this rationale and evaluates its component according to its contribution to the digital transformation. In addition to actively using Logo HR products, People and Organizational

Transformation team has been collaborating with teams in HR product development and sharing its expertise in its domain. Thus, the department is an integral part of the digital transformation process in the double capacity of a practitioner and a developer.

Logo continues its endeavour towards the digitalization of human resources processes. The candidate pool is used more effectively with customized filtering options through the system or the website. The use of digital HR applications such as video interviews, video recordings and applications via the career portal, during the recruitment of interns and management trainees provide candidates with a better experience and shorten the recruitment process. In 2019, approximately 2,000 video interview recordings and meetings were held.

Digital infrastructure in the business processes



Logo keeps up with the scientific and technological developments in the world and reflects these developments with an innovative approach, specific to its business processes; and continues its journey of sustainable development and digital transformation with great success. In this sense, based on the principles of information security, high accessibility and business continuity, Logo pays the utmost importance to Operational Excellence for itself and its stakeholders.

Logo Information Technologies (IT) team's efforts revolve around the aim of creating a competitive advantage for all Logo business units thanks to cutting edge information technologies. The team aims to provide an infrastructure which promotes the digitalization in business processes in accordance with the modern era and the market demands, to ensure that the expenditures in this area remain within the IT budget at the most affordable prices, to offer IT services within the ITIL framework (Information Technology Infrastructure Library) and to spread this approach throughout the company.

The company's data and server platform has the infrastructure to support digital transformation. In addition to the Gebze campus, Logo serves with an infrastructure of over 200 virtual servers, storage areas, memories and processors using cutting edge technologies in 3 operators and 4 data centers. The company also utilizes the most up to date software and systems to improve operational efficiency with its security and continuity infrastructure. 2019 was a successful year in terms of business continuity and uninterrupted operations, since there was no instance of cutback in the information technology services and no slowdown in access.

In 2019, Logo completed Logo designed "New Generation Data Centre" project with Turkey's leading service and infrastructure providers. The

customer data hosted on Diva platform, eLogo services and j Platform have started being stored on 2 operators and 3 data centres, thus ensuring uninterrupted service even in case of a disaster.

In 2019, within the context of GDPR (General Data Protection Regulation) and PDPL (Personal Data Protection Law) compliance, more secure and efficient data processing and storage structures were developed, which supported the efforts for improved business continuity. All units took part in the studies carried out for data security, where roadmaps were determined, and process improvements were defined.

Yet another point of focus has been hardware productivity. Logo has continued procuring hardware to be used by all employees, from sustainability oriented suppliers that emphasize higher performance, higher security, and less energy consumption. This approach allowed employee performance to increase throughout the company, while energy consumption has been reduced. Keeping sustainability in mind, the number of business trips has been reduced as a contribution to a more sustainable working environment thanks to video conferencing infrastructure and webinar opportunities.

As the internal business processes were focused on efficiency and high performance, the company developed solutions to increase the level of



digitalization. Furthermore, the monitoring of data consistency and correct reporting across all platforms allowed for the minimization of possible risks. Cutting edge technology and methodologies have been encompassed in the software processes as well.

Both the internal operations, and the customer request and order processes in Logo have been improved. The order system was supported with a process software that allows automated handling of customer requests and reduces the workload.

All Logo support teams gathered under the same software umbrella in order to create collective support processes. These activities are still in progress but have already rendered the support teams able to work with a more modern infrastructure.

Logo and Turkcell cooperation

In addition to Logo's own digitalization, in 2019 the company initiated a major collaboration project with Turkcell with the aim of contributing to Turkey's digital ecosystem. Logo started to offer its application software solutions for companies of different sizes, from micro companies to large enterprises, via Turkcell data centers. Making technology available for a wide audience thanks to its large infrastructure investment, the largest in Turkey, Turkcell shares its experience as a digital integrator with Logo's 90 thousand plus customers. Logo provides its customers uninterrupted, redundant and sustainable service through Turkcell's Virtual Data Centers in Gebze and Dudullu.

Management systems

ISO 27001 Information Security Management System Policy

ISO 27001 Information Security Management System Policy aims to take all necessary steps in order to ensure the business continuity in all locations over the course of its operations, to minimize the damages and risks caused by security breaches, to secure the integrity within the company, to protect against possible threats the information generated, processed and stored over the technology infrastructure along with the systems used for their generation, processing and storage and protect all physical and digital data in their entirety, and to provide and constantly improve the necessary resources. Within the scope of ISO 27001 Information Security Management System, Logo organizes all necessary training programs on the topics of information security and protection of intellectual property in order to enhance the awareness of employees.

ISO 9001 Quality Management System Policy

Following a thorough understanding of the client's needs and expectations; Logo's general policy is to develop services which create added value to the customers and constantly ameliorate the Quality Management System effectiveness.

ISO 22301 International Business Continuity Management Policy

By adopting ISO 22301 International Business Continuity Management Policy, in case of disasters or emergency situation which may occur outside of control or in case of a possible interruption, Logo aims first of all to ensure the safety of the employees and guests in all offices, to continuously meet the expectations and needs of the customers and investors, to take rapid and accurate action in the event of a possible interruption, to determine the continuity solutions in order to minimize the loss, to identify the minimum resources required after the interruption by prioritizing the services, to create job recovery strategies and to take necessary actions in order to prevent data loss by designating a business continuity team, to prevent financial losses and damage on the company's reputation by designing the post-interruption communication processes, and to continuously develop the Business Continuity Management System and to implement it after testing, by understanding its requirements.

ISO 10002 Customer Satisfaction Management System

Within the context of ISO 10002 Customer Satisfaction Management System, Logo's aim is to evaluate the requests and feedback received from the customers by taking into consideration the legal regulations, to create customer satisfaction and to continuously improve the effectiveness of this process. Logo undertakes to treat and solve negative feedback from customers in a customer-oriented manner in accordance with the Customer Satisfaction Principles.

Full compliance with the Personal Data Protection Law (PDPL)



Logo carries out all of its activities in accordance with the regulation with great attention on the matter of compliance with the PDPL being implemented in Turkey.

The process started with the establishment of a PDPL Commission within Logo in order to ensure full compliance with the regulation. Compliance efforts has been managed under the guidance of this Commission, together with in house teams and outside experts on PDPL. Approximately 150 hours of training and debriefing activities were held with 65 different teams. Logo was registered on VERBIS (Data Controllers Registry Information System), the corporate website was updated, and notification texts were prepared with the firm. PDPL was also taken into account during the selection of the server and other service providers. All necessary measures were taken in all matters related to personal data of employees.

On the other hand, more than 150 Logo Business Partners were provided with a 3 hour training on the protection of personal data, followed by a Q&A session, to ensure that the support services provided by the business partners are carried out in accordance with PDPL.

In addition to Logo employees and Business Partners, customers have also been informed about Logo's commitment to PDPL and its ongoing efforts in this regard. New tools have been added to the products to facilitate compliance with the PDPL process of customers. The Product Development team continues its efforts to create additional tools.

Customer Satisfaction Principles

- Be open to customers' requests and negative statements
- Resolve all claims and negative notices in a transparent, fast and trustworthy manner
- Examine the negative feedback from customers in a careful, fair and impartial manner whatever the level of the issue and the importance; to offer a solution and/or solution alternatives as a result of the examination,
- Establish communication channels with all interested parties, provide information flow and traceability
- Ensure that customer problems are solved quickly and correctly, by prioritizing business partner training
- Provide customer-focused solutions by learning customer expectations and recommendations by conducting product and service satisfaction measurement activities
- Determine opportunities for improvements in products, services, systems, and processes in line with demands and suggestions from customers and employees
- Ensure the continuity of improvement by making regular surveillance studies to determine the areas of improvement and increase the efficiency, in order not to repeat the dissatisfaction
- Protect information about customers in accordance with the Information Security Policy
- Ensure that decisions made regarding customer requests and the process are clearly traceable, determining the activities required for improvement
- Create channels to ensure that customers get an answer in the fastest way possible and their requests and feedback are promptly received.

TS 13149 Software Industry Service Center Qualifacation Certificate

Logo meets all structural specifications, and management, technical equipment, and employee related general rules required from the companies, which provide software services according to TS13149 certificate.

ISO 20000-1 Information Technology Service Management System Policy

In relation to Logo Elektronik's ISO 20000-1 Information Technology Service Management System Policy, Logo's aim is to deliver the services it has committed to its customers in a flawless manner at all locations, to continuously monitor and improve the effectiveness of its services and Service Management System.

Logo Turkey

Product development for continuous progress



Logo develops its current product portfolio in accordance with the customer needs, new trends and technological developments in order to achieve a strong performance with its products in the current year within the scope of Horizon 1, which is the first pillar of its “Three-Horizon Approach”. Logo puts forward developments and improvements, which are deemed necessary by our customers and business partners, as well as in accordance with the recommendations from within. 60% of R&D resources is allocated to efforts related to Horizon 1.

In 2019, the Product Development team developed 3,949 new features. Logo values the opinions of all stakeholders in product development process in line with the vision of “We are coding the future together.” As an example, for an ERP project in 2019 a strategic plan was designed with all stakeholders at the beginning. This plan included all the necessary actions for the project to reach the predetermined business objectives in the target markets to provide sustainable competitive advantage. Thus, members of the product development team involved in the project had the opportunity to work with more detailed information on the countries, regions, target customer groups, customer values, products, activities, competencies and resources they will focus on. The motivation and satisfaction of the stakeholders increased since they contributed to the strategy formulation phase and developed a better understanding of the project details. During this process, guidelines and criteria for similar projects were also determined.

Another example of stakeholder engagement in 2019 was the work conducted for the HR product family. While developing new HR products, ideas

and opinions of Logo’s internal stakeholders were obtained. A common ground was set for various opinions to proceed with the development process. Feedback from relevant customers was received before the launch of new products through beta studies in order to ensure that products meet the market expectations. We have observed that these efforts made a significant contribution to customer and stakeholder development.

Process improvement

Improvement activities towards incorporation of additional roles into Logo’s internal processes were carried out. For example, the roles of product specialists/consultants working under the Product Management umbrella were included in the LAPIS processes.

Thanks to the “improved maintenance features”, the company aimed to reduce the number of hitches by Improved error detection and increase the usability of fundamental business processes. Standardization studies were carried out regarding Netsis Profiler, Log studies, Netsis View rights

definitions and “Integration with Functional Solutions”. The document creation and circulation ability of Logo products have been enhanced thanks to full integration with advanced document management systems.

Additional improvements have been made to the j Platform LAPIS process using the Kaizen methodology. In this framework, various steps have been taken such as weekly plans of the sprint items, early detection of internal test errors, formulation of training strategies, establishment of autonomous teams, determination of scenarios for the software team’s tests, and identification and development of the managers’ competencies. In addition, planning disruptions were minimized by separating the items into small pieces; problem solving techniques have been further developed by using the A3 and fishbone methodologies. These improvements have brought significant advantages in product management, development and test coordination.

Continuous progress in Logo solutions with new features and development

As customized and role based applications stand out as one of the most important benefits of digital transformation, Logo enhanced customization capabilities of its products.

With respect to the Turkish legislation, existing products have undergone improvements, and products and applications have been developed especially for the e government business segment. Furthermore, all necessary efforts have been made to ensure compliance with the PDPL. In addition to the developments to ensure compliance with the Turkish market, Logo puts an effort to render some products compatible with the GST (Goods and Services Tax) regulations in the Indian market.

Within the scope of digital transformation, the main production functions have been completed in accordance with the Industry 4.0 strategy. The Employee portal (B2E) has been re designed and launched to offer a better user experience with a new interface and functionality. The development of the Mobil j HR portal has been completed as well in accordance with the current requirements.

The integration of IoT (Internet of Things) infrastructure into Logo Netsis ERP solutions aims to help companies work more efficiently by taking advantage of the possibilities provided by the Internet of Things. Also, modern interfaces have been developed for the most used Logo Netsis ERP application modules to improve user friendliness.

As a result of the studies on social ERP, features such as easy to use and familiar interfaces that may attract the attention of new generation business owners have been launched. With the interfaces similar to messaging platforms, it was ensured that the business operations run smoothly.

Additionally, Logo Backup product was launched to meet the backup needs of Logo customers.

While different approaches and experiences emerge together with digital transformation, continuity and ease of use become increasingly important. Accordingly, Logo has launched a series of new features in order to conduct product development activities in an architecture suitable to be presented as a service, to automate the tests and to make functions closer to the language of customers. Logo developed a service oriented application on PaaS with the support of TEYDEB (TUBİTAK Technology and Innovation Support Programs Directorate) and tests were run as user scenarios employing BDD (Behaviour Driven Development).

Most widespread sales and distribution network in the industry



As the market leader in the ERP sector in terms of number of customers, Logo has an ever-growing channel structure in a very wide region, thanks to its qualified Business Partners, R&D investments, and vast sales and marketing experience. This widespread, knowledgeable and experienced distribution network is one of Logo's most important competitive advantages.

Logo reaches companies in Turkey through the most extensive sales and distribution network in the software market and serves the Middle East and the Central Asia markets.

Logo Business Partner Channel is divided into two main groups on the basis of the product family: One group includes the products of Logo GO, Tiger and j Platform families, while the other group includes Logo Netsis products. Logo Business Partnership model defines Business Partners' status in line with product segments. This model consists of:

- Business Partners selling products from the Logo GO, Tiger and j Platform product families are positioned as;
 - SME Business Partners selling Logo Start 3, GO 3, Mali Müşavir Plus products in the SME segment, and
 - Corporate Business Partners selling Logo j Platform, Tiger 3, Tiger 3 Enterprise products in the corporate segment.
- Likewise, Business Partners selling the Logo Netsis product family are positioned as;
 - SME Business Partners selling Logo Netsis 3 Entegre product in the SME segment, and

- Corporate Business Partners selling the Logo Netsis 3 Standard and Netsis 3 Enterprise products in the corporate segment.
- SME Business Partners may work through Corporate Business Partners as well.
 - Business Partners that develop applications by using Logo technologies, are being referred to as Solution Development Business Partners.
 - Centers that provide professional training by using Logo products are being referred to as Authorized Training Centers.

Logo Business Partners, who are classified as SME and Corporate Solution Development Business Partners have different responsibilities and privileges in terms of the time spent in their previous capacity, their financial status, number of certified personnel, physical office conditions, revenue targets and growth potential.

In 2019, Logo continued implementing campaigns supporting its customers and Solution/Business Partners who participated in industry related exhibitions with their own solutions. As part of this cooperation, campaigns were run in cooperation with Organized Industrial Zones, and Chambers of Industry and Commerce.

Business partners development program

Logo has a large service network with more than 5,000 people, including its employees and business partners. A Business Partners Development Project has been launched in order to further enhance the development of this ecosystem. Continuous progress, improving stakeholder experience, and growing an innovation and improvement-driven culture have been the foundation of this project.

Within the scope of the Logo Business Partners Development Project, members from the Logo Channel Management, Marketing, Corporate Brand and Communication teams have been brought together to forge a team running different projects that render business partners able to systematically analyze their financial growth and sales, standardize their corporate identity, and solidify their loyalty to Logo brand. Action plans of these projects have been drafted and implemented in more than 70 Logo Business Partners selected for the pilot implementation. In order for the results to act as a reference to different business partners and help develop best practices, their analysis and evaluation have been done together with Logo stakeholders.

Sustainable business model for Logo Business Partners

Micro targeting work has been carried out to contribute to the sustainable growth of business partners and to ensure their development. In this context, the annual sales target and many different key performance indicators were determined. The necessary guidance for the effective monitoring of the indicators has been given. Logo Academy run different projects such as launch of a product certification control system, product trainings through webinars and product segmentation trainings. In addition to product trainings within the scope of Logo Academy; a series of trainings on neuro sales and negotiation techniques has also been organized. Additionally, business partners have been provided with a training on project management, where project methodology was presented. Also, FAQ webinars, documents and videos were developed based on measurement in order to reduce the number of incoming calls to the support team. The

transition to the personal certification system was supported. The support staff took part in a field study that involved customer visits.

Corporate transformation of Logo Business Partners

In 2019, Logo Business Partner status logos have been enriched and launched to the ecosystem in order to better illustrate the corporate image. In the same context, "Logo Business Partner Corporate Identity Manual" was published and related documents were made available to the business partners.

A webinar with the title "How Can You Create Your Corporate Identity?" was designed to provide guidance on the use of the above mentioned corporate identity manual. This webinar informed Logo Business Partners about the process of creating corporate trust and a corporate identity.

Furthermore, different service models have been developed to support Logo Business Partners on topics such as adapting to the ever changing competitive environment in the global arena, corporate identity studies on how to establish corporate trust and reputation and communicating through digital channels. Specialized teams have been established to support Logo Business Partners as part of these services, which are called "Corporate Transformation Packages". These packages aim to design corporate materials in accordance with the corporate identity book and boost the efficiency of digital media communication by increasing the visibility in digital media channels. The Corporate Transformation Packages involve the following titles: Basic Design Package, Digital Transformation Package, Corporate Movie Package, Digital Advertising Consultancy Package, Website and SEO (Search Engine Optimization) Consultancy Package and Social Media Management Consultancy Package.

The webinar titled "What Can You Do for Your Corporate Transformation?" provided Logo Business Partners with detailed information specifically on the Corporate Transformation Packages.

In addition, numerous manuals have been developed such as HR selection and placement guidelines, corporate dress code and image culture handbooks that will be beneficial to the business partners during their corporate transformation process.



Channel development

The firms that are evaluated as business partner candidates within the scope of the Channel Development are subject to a detailed evaluation in terms of market potential in the relevant city and district, number of partners, sales capacity, certificates, customer satisfaction, project resources and customer portfolio. Once the evaluation and the required training are completed, the candidate is accepted into the partnership process in accordance with the revenue targets. At the end of the process, which approximately takes a year, the successful candidates in terms of new customer acquisition, revenue target realization, customer satisfaction and compliance with Logo's working principles are included into the Logo ecosystem.

In 2019, the Channel Development department underwent a restructuring process in order to operate in a leaner and more focused way. The Ecosystem Solutions unit was established in order to have an end to end solution set in line with the customer and solution oriented structure, to increase the strategic focus while providing operational efficiency, to create more value for customers and the entire ecosystem by enhancing the brand value. And to create a structure that predicts market needs and takes the necessary actions, enhances the value perception at the customer level, creates added value for the Logo brand and that offers the right solution to customers through the channel.

Customer satisfaction in international markets

Logo has started to focus more on new product development activities in the international markets. The company has taken the first steps to meet the specific needs of the Caspian Region markets after analysing the International Helpline (INT Helpdesk) records received from international partners regarding new products.

In 2019, the work to increase the product language alternatives in order to provide Logo users in different markets with product support in their native language has been intensified. There has been a focus on the revision and improvement of the existing applications in the Arabic, Russian and Azerbaijani languages. Additionally, fast paced localization studies have been carried out in four pilot countries in the Caspian and Middle East regions.

Logo puts an effort to increase the multilingual support teams in line with regional needs and has further bolstered up the Online Support Service, which renders the support team more accessible in every market.

Logo advances its operations beyond Turkey and moves towards becoming a regional powerhouse. The company started preparing the infrastructure in order to offer its webinars in English, which constitute an important part of its training activities for customers.

In selected international markets, sales activities of functional and Ecosystem Solutions product groups such as Doc Place, Mobile Sales have been launched in line with customer needs. LEM (Logo Enterprise Membership) campaigns specifically designed for international customers were run to ensure customer continuity. In addition, preparations have been completed to provide regional dealerships in these markets. Country specific campaign processes were also run according to the economic and market conditions in different markets.

The efforts to display growth potential with channel development activities have been intensified.

Solutions for functional requirements



Logo continues to create value thanks to its team structure focused on functional solutions and its enhanced operations in 2019 aiming at increasing the penetration of the functional products and establishing a business partnership structure in this regard.

The "Functional Products Sales Team" was established in 2018 based on the knowledge and experience acquired on the ERP product line, in order to offer solutions under the Logo umbrella for functional needs arising from the ever changing technology and to enable customers to work with Logo's ERP systems in an integrated manner and with expert business partners. The team is mainly responsible for promoting the use of functional products and creating "Functional Business Partners" (FBP).

In the context of business restructuring in 2018, Logo Flow Workflow Management products were empowered with additional sales personnel and have been included into the Functional Solutions structure, in addition to the Human Resources Management, Warehouse Management Systems, Field Sales Management, Customer Relationship Management and Business Analytics Solutions. Product positioning and campaign management activities were implemented after determining common strategies and a common language.

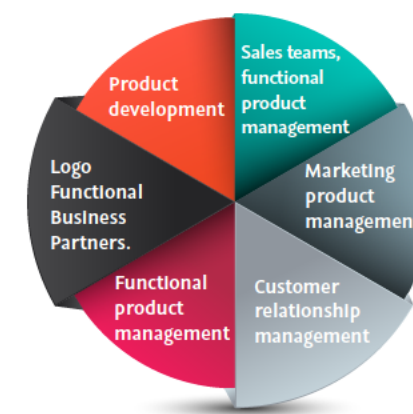
Integrated perspective in functional solutions

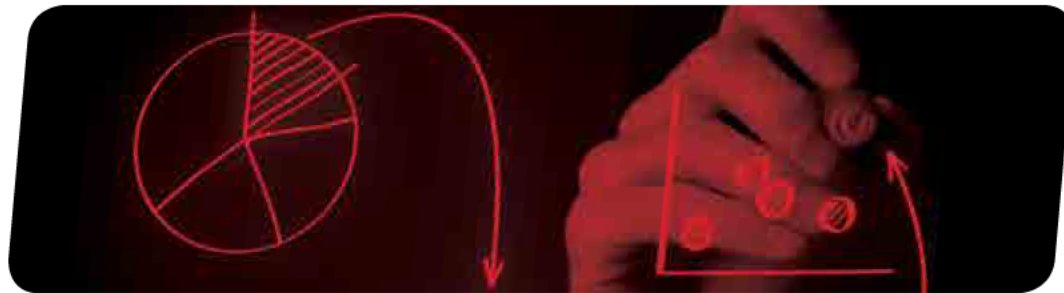
Pursuant to its customer-oriented approach, Logo has developed a new approach for Functional Solutions integrated with the ERP. A series of activities aimed to increase the effectiveness of Logo Functional Business Partners have been carried out, and customer awareness towards the functional solutions increased thanks to cross-functional cooperation.

Functional Solutions for the enterprise solutions market that have integrated operations with the ERP allow end to end management of the operations of all units in a company with a 360 degree approach. Prioritizing this approach in 2019, Logo created a synergy based cooperation platform including the sales teams, product development, marketing product management, customer relationship management, and functional product management teams as well as Logo Functional Business Partners. Thus, in line with the principle of being customer orientated,

various activities were carried out with an integrated perspective.

In this regard, the information shared with functional business partners was increased thanks to the FBP's exclusive bulletins. The relevant Logo teams held one on one meetings with the Functional Business Partners two times





within the year. In the first meeting, comments and suggestions from Business Partners were collected. In the second meeting, the solutions produced upon this feedback were presented to the evaluation of the Functional Business Partners. Thus, it was ensured that the right steps were taken to meet the expectations of the customers. In addition, thanks to these meetings, the Functional Business Partners had the opportunity to exchange ideas with all relevant teams about products and customers. Launched in 2018, 6 Functional Business Partners (FBP) meetings were held with a total of 166 participants in 2019 aiming to have one on one meetings with the stakeholders.

In order to increase the awareness on functional solutions, Logo has organized "Functional Solutions Events" in 10 cities and met with 689 customers and business partners. In addition to these activities, 40 functional product related webinars were held in order to properly inform Logo customers about the new features developed during the year. Additionally, 90 training videos about functional products were prepared to inform customers about current features of the solutions.

Project status follow-up in functional solutions

After a Logo business partner proceeds with the sale of a Functional Solution, the Customer Relations team initiates communication with the

customer's project manager to follow up on the project status. This process is carried out with the aim to monitor the process product satisfaction of the customers using Logo Functional Solutions, to ensure that the after sales service provided by the business partners proceeds in accordance with the Logo standards, and to solve the problems encountered during the project in line with customer satisfaction philosophy.

The installation of functional solutions in the customer, the training adaptation process, the transition to live use and the testing process are followed up through periodic calls. The company aims to increase the customer satisfaction both during the transition and the live use phase.

The feedback received from the customers during the project status follow up meeting is sent to the relevant departments and managers at the end of the meeting for evaluation and for taking action. Based on this evaluation, the relevant unit, e.g., project office, product support center, product manager or sales contact the customer and/or business partner. In 2019, project status follow up for 392 Functional Solutions was initiated. 229 of the projects, which started in 2018 were completed in 2019. The measurement of the customer satisfaction regarding the product and service provided in these projects made a significant contribution to the development of Functional Solutions.

Strategic customer management

Strategic Customer Management department aims to provide customers with an unprecedented brand experience and to create new sales opportunities.

Strategic Customer Management department analyzes the entire process regarding strategic customers in order to increase customer satisfaction and ensure a perfect customer experience by offering solutions in line with customer needs. Strategic Customer Management department contributes to the digitalization of every targeted customer in parallel with the innovative, creative and high value added economic model envisioned by Logo. As in every field, Strategic Customer Department that stems from customer oriented approach of Logo, proves once again the company's leadership role in its market.

Strategic Customer Management department has brought in new business partnerships by establishing the Advisory Board Organization composed of market professionals and consultants for Logo and other products. The meetings held in 2019 provided a platform to offer information on Logo products and to develop new operating models for ERP and Functional Product consultants in relation to new projects to be developed for Logo products.

Strategic Customer Management department, which is in direct communication with Logo customers, also carries out the coordination and necessary activities regarding the internal CRM use due to compatibility of its business processes. Logo CRM solution enables digital management of the customer and business partner processes.

Contribution to the digitalization of customers

Logo aims to digitalize all processes by allowing communication of data between all applications. The company also undertakes special efforts in this regard for its strategic customers.

For instance, Central Integration Management System project has been developed in order to ensure the data communication between information systems such as the Logo Tiger series ERP and the Smart Warehouse Automation implemented in factories, to manage integration from a single point, and to establish a configurable and extensible system with specific assumptions. In this context, Central Integration Management System Project has been specifically developed for a Logo Tiger Wings user, a strategic customer with a total of 300 users, is led by the Logo Digital Transformation Services department.

As another example would be the digitalization of a strategic customer's general administrative and human resources processes through Logo Tiger 3 Enterprise for 150 users, and Logo j HR for 4,000 employees.

A visit to the Logo's Gebze Campus has been organized for another strategic customer in order to exchange ideas on digital transformation opportunities offered by Logo products.

Creating success stories by turning selected customers into reference customers through intensive work is also one of the important responsibilities of the Strategic Customer Management department. In this context, a project was implemented in order to transform a Logo j Platform HR (Human Resources) user for 12,000 employees into a strategic customer in 2019. Once all the development areas were identified, the hard work of the support and software teams ensured customer satisfaction, which eventually brought another Logo reference project.



Investing in the future of the industry: Logo Academy

Founded in 2012 with the aim of providing skilled human resources to the IT sector, Logo Academy provided training to 2,729 people in 2019, including university, high school and vocational school students, Logo business partners and customers.

Since its inception, the number of people trained by Logo Academy has reached more than 8,000. More than 2,500 students of the Academy had the opportunity to work in various positions in the IT sector. As of 2019, the number of certificated specialists of Logo products has reached 8,655 people.

The corporate and individual training offered by Logo Academy are provided by experienced and expert staff in the training centers in various provinces as well as the Logo Academy classrooms at Logo Gebze campus. Trainings started to be offered on digital platforms through webinars, which were launched in the second half of 2019. Along with Logo GO 3, Logo Tiger 3, Logo Payroll Plus and eLogo product trainings, Solution Partners trainings were also made available over the webinar.

Trainings for Logo Business Partners

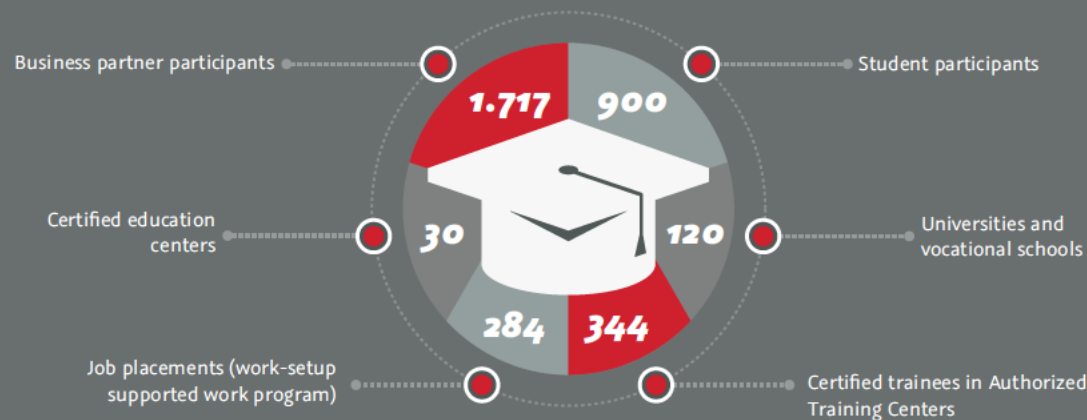
In 2019, 1,079 people attended in class trainings designed for Logo Business Partners and 489 people attended the webinar trainings. Thanks to the trainings in the Business Partners Development Project (Logo Project Management Training 80 people, 360 degree Sales and Neuro

Sales Training 22 people, LEM Sales Training 47 people), Logo Business Partners increased their project management efficiency and sales transaction speed. A total of 1,717 people attended the trainings offered in 2019.

Webinars increased the attendance of Logo Business Partners in trainings, which became available remotely in every region and province of the country. Especially international Logo Business Partners increased their level of product knowledge and competencies thanks to the webinar trainings in 2019.

Partnership with Universities, Vocational Schools, Higher Education and Private Educational Institutions

Logo Academy also cooperates with various universities, vocational schools and private educational institutions, while supporting İŞKUR's (Turkish Employment Agency) Qualified Information Technology Specialist Program offered by the Ministry of Labour. In 2019, within the framework of academic collaborations and training centres, the number of universities and vocational schools teaching with Logo ERP products has increased (7 universities, 2 vocational schools, 4 private educational institutions).

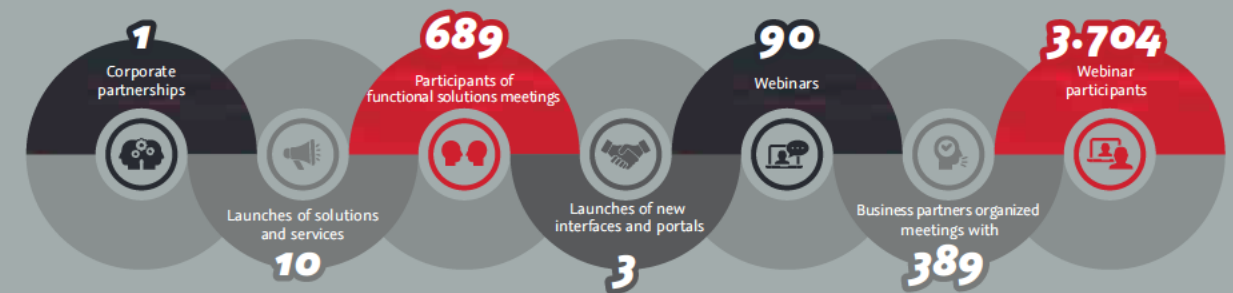


Value oriented product management and marketing

In order to increase awareness regarding its products and solutions, provide companies with a competitive advantage in local and global markets, offer its services to higher number of people and explain the functional benefits of having an end-to-end management of processes, Logo attaches great importance to value added communication through cooperation and new product campaigns.

In 2019 as in previous years, Logo continued its efforts to support the development of new products and to deliver new and existing products to the target audience. Comprehensive marketing plans have been prepared in various areas from market research and analysis to competitor analysis, from budget management to advertisement. Simultaneously, product meetings, seminars and workshops have been organized in order to demonstrate the products to both current and prospective customers in the most accurate way and allow each company to reach the products which best fit their needs.

In 2019, Logo introduced new products and functional enhancements based on user experience and technological trends. All the necessary steps including market research, product positioning, pricing, licensing, brand registration, market entry strategies, and communication strategies have been completed. Updated features in new versions, campaign management, opportunity follow up and collaborations, and customer and partner satisfaction surveys were used to trace the impact of products on the consumers. Product development unit was equipped with all these data.



Enhanced user experience with new products

In 2019, a plethora of new products has been launched remaining faithful to the principles of improving the user experience, meeting the needs of the market and adapting to technological developments.

A smart solution for end-to-end warehouse management: Logo WMS Platform

Logo WMS Platform provides a strong customer experience between channels by carrying out warehouse management operations from a single point. It provides integrated and automated warehouse management in large and medium sized enterprises, while reducing costs and increasing profitability and efficiency thanks to effective process control. Logo WMS Platform;

Logo WMS Platform bears a variety of features such as process adaptive operating structure and customizable interfaces, user friendly screens, compatibility with scattered warehouse structure, RFID (Radio frequency Identification), customizable report design tool, easy tracking with personalized dashboards, professional integration unit, and compatibility with hardware featuring Windows, iOS, and Android operating systems.

The first step in the growth journey of customers: Logo Start 3

Logo Start 3, which is updated to address the current needs, is used by more than 14 thousand enterprises and controls every process from stock tracking to sales, and from payment to collection. Logo creates value for its customers with Start 3 owing to its advantages such as e Invoice and e Archive Invoice integration, new interface, and ease of use.

Logo Start 3 offers features such as fast and easy use thanks to its user friendly interface, including step by step control of daily cash transactions such as cash on deposit and cheques and bonds, secure data saving on a single system, and execution and monitoring of credit card sales and sales by instalments.

Accessible anytime and anywhere with Logo Netsis Wings Entegre

Logo Netsis Entegre has been moved to the web in order to offer more efficient management of business processes. Now Logo Netsis Wings Entegre can be operated both as a desktop and an online application thanks to its hybrid structure. It allows all processes from accounting to sales operations to be managed from a single point, regardless of time and place. Logo Netsis Wings Entegre with its web browser compatible structure, displays features such as access anytime from anywhere, effective management of financial data, instant access to required information, optimization of purchasing processes, fast and easy use on tablets, and export import transactions.

Logo GO Wings for increased efficiency

Logo GO Wings, which was created by offering the Logo GO 3 product on the web, enables all processes from accounting to sales operations to be managed from a single point, regardless of time and place thanks to its hybrid structure that can be used both on a desktop and on the web.

Offering effective control and superior efficiency, Logo GO Wings solution provides a competitive advantage to businesses, thanks to features such as accessibility, effective management of financial data, instant access to information, optimization of purchasing process, fast and easy use on tablet computers, export import transactions, which are made possible thanks to a web based structure.

Logo Mali Müşavir 3 provides convenience and saves time

Developed with a brand new interface the new Logo Financial Advisor 3 (Logo Mali Müşavir 3) solution enables users to easily perform all transactions from tax statements to payrolls, from ledger declaration processes to office management with its multiple modules. It saves time and decreases the workload, while increasing the customer satisfaction.

Logo Mali Müşavir 3, which is fast and easy to use thanks to its interface, offers the following features: time saving with automatic declaration creation infrastructure; integration with the e Invoice , e Archive Invoice, e Dispatch, e Ledger, e Self Employment Invoice, e Producer Receipt solutions; task integration to calendar with the agenda function; Ledger Declaration System integrated with the Revenue Administration; all fixed asset transactions from records to depreciation slips management from a single point, quick transfer of mass data via Excel with the Exceltrans module.

Self-employment invoices issued electronically with eLogo

eLogo e Self Employment Invoice solution was launched in 2019 as an economic and environmentally friendly service in addition to many other advantages. Thanks to this solution, the invoicing procedure is handled electronically and in compliance with the requirements of the Revenue Administration. Invoices are securely stored electronically for 10 years. Automation of the process saves time and reduces paper consumption, thereby contributing to cost saving, and the protection of the environment.

The launch of web-based management in international sales channel with Logo Wings ERP Solutions

In 2019, Logo Tiger 3, Logo Tiger 3 Enterprise, Logo Netsis 3 Enterprise, Logo Netsis 3 Standard solutions were launched on web based platforms

in the international sales channels as Logo Tiger Wings Enterprise, Logo Tiger Wings Enterprise, Logo Netsis Wings, Logo Netsis Wings Enterprise. This product group offers companies efficiency in business management thanks to features such as fast and easy access from mobile devices, process tracking regardless of place and time, uninterrupted communication with internal and external stakeholders, and instant access to the information needed.

Logo Bordro Plus interface has been renewed!

In 2019, Logo Payroll Plus, a solution offered in the Human Resources Management category, was updated and relaunched with a new interface. Renewed Logo Payroll Plus, with its background colors, page contrast and icon designs, adds convenience and speed to payroll processes which create a huge workload.

The shortest way to access information: Logo Bordro Plus Portal

Logo Bordro Plus Portal is offered as a web based application that allows employees to track payrolls for any period of time, remaining annual leave days and personal information registered in the company. Employees can have access to their personal data over the web from everywhere only by using their login information. The portal is bilingual, available both in Turkish and English.

Logo İşbaşı to manage bookkeeping on web browser or on mobile devices

Logo İşbaşı, a cloud based bookkeeping program for small businesses from every industry, facilitates business processes with the opportunity to use it on web browser or mobile devices. With a fast and easy membership process, the solution requires no installation, hardware, software or maintenance costs. No training is required to use the software thanks to a user friendly design. Logo İşbaşı can be accessed through the www.isbasi.com website, and iOS and Android mobile applications.

Logo İşbaşı has been launched with a series of features such as instant collection & payment tracking and entry of cheques, profitable purchasing & sales management using online inventory management, automated subscription renewal, e Invoice and e Archive Invoice supported by eLogo, summary reports to enable effective management, free trial period, customized invoice design and sending invoices on mobile phones, visualized

financial data for easy business management, live support service embedded in the product, easy data transfer, and constant up to date use with a cloud based infrastructure.

Data is secured with Logo Data Backup

Logo Data Backup solution helps companies using Logo ERP solutions to back up their SQL data and restore it, in case of a data loss instance. In this solution back up data can be stored on a preferred platform. Companies have the option to use their hard drives, servers or cloud service environments.

Collaborations with business organizations

In 2019 as in previous years, carrying out its activities with the aim of providing excellence during the product life cycle Logo has made progress in terms of consolidating its pioneering position in the market and increasing its cross revenues by analyzing the market and competition in the most effective way. While creating satisfied and loyal customers, the company worked together with different stakeholders to uncover opportunities for branding and collaboration.

Within the framework of these collaborations throughout the year special discounts were offered to members of Bursa Chamber of Commerce and Industry, Alanya Chamber of Commerce and Industry, Antalya Chamber of Commerce and Industry, Elazığ Chamber of Commerce and Industry, Gaziantep Chamber of Commerce and Industry, Gaziantep Chamber of Industry, Isparta Chamber of Commerce and Industry, Kayseri Chamber of Commerce and Kayseri Chamber of Industry, Manavgat Chamber of Commerce and Industry, and Denizli Chamber of Commerce.

A new step in enhancing customer loyalty: Logo World of Opportunities

In 2019, the scope of LogoWorld of Opportunities was further expanded, which is a platform of privileges and loyalty programs, offering special discounts and campaigns in various brands for Logo and eLogo customers. In cooperation with leading brands catering the needs of workplaces, Logo Opportunities World offers special deals to reduce operational expenses such as fuel, transportation, cargo, and communication. All these deals and can be accessed through the logofirsatlardunyasi.com website.

Customer-oriented product communication

Logo product marketing and product development teams enriched Logo Docs platform in terms of content in order to raise awareness about the new features added to the products, enabling a more active use by both users and business partners. Detailed information and videos about the new features added to the products have been included in each new version, and regular e mails are sent to both business partners and customers at each release. At the same time, webinars demonstrating the products' new features can be accessed later, after their initial broadcasting, on this platform thanks to tape recordings. In addition, the videos created for each solution are published in Logo Docs.

Within the scope of "Industry 4.0" and "Digital Transformation Journey", ERP solutions' role in the digital transformation have been elaborated and detailed information about the modules have been prepared and shared with users and potential customers in the form of a series of documents. These documents covered module introduction, webinar records, best practices, and frequently asked questions. Furthermore, a section of these documents titled as "Comments", has been devoted to the readers who conveyed their questions in order to create an interactive platform especially with potential customers, users and business partners. Each and every one of the questions posted has been properly answered by the relevant department and readers have shown a particular interest in this section.

The breakdown of the webinars organized in 2019 according to their content was as follows:

- ERP solutions for businesses of all sizes: 19
- Human Resources Management solutions: 12
- Business Analytics solutions: 11
- Workflow Management solutions: 11
- Field Sales Management solutions: 8
- Logo approved ecosystem solutions: 6
- Retail solutions: 4
- Warehouse Management Systems: 3
- LEM applications: 2
- Customer Relationship Management solutions: 1
- Project solutions: 1

In 2019, Logo organized a series of events to have one on one meetings with its stakeholders. Development and Vision meetings with focus groups and in depth interviews and one to one meetings with key business partners have also been conducted in order to create strategic development ideas, and field analysis, to meet the expectations of the ERP customers and increase the customer satisfaction. 134 business partners attended these meetings.

In order to raise awareness in functional solutions, integrated communication activities were carried out in collaboration with the product development, functional products sales unit, customer relations department and functional business partners.

Focusing constantly on increasing customer satisfaction



Logo increases customer loyalty by remaining true to the idea that customer satisfaction is the ultimate value that makes a difference in ever-changing global world.

Logo Customer Relations team creates value on a constant basis with calls to create new sales opportunities and increase new customer acquisition, efforts to enhance product and service satisfaction of existing customers, follow up on customers' adaptation of Logo Business Partners' Functional Solutions, welcome & thank you visits to customers, meetings customer requests and feedback, and information update activities.

Initiated within Logosphere System, which is certified by ISO 10002 Customer Satisfaction Management System, customer acquisition and relationship management process operates in cooperation with the business partners and through direct contact with customers.

In addition, product experience and satisfaction evaluation calls to measure the product satisfaction

of the current customers provide Logo with a strong insight on the customers' preferences and needs. The analysis of the survey results helps in determining the customers' demands and needs and allows a faster and more dynamic reaction. The customer requests and feedback are evaluated in line with the legal requirements. Eventually, they are converted into customer satisfaction, which is constantly improved through measuring effectiveness. Feedback received from customers contributes to the enhancement of Logo's successful corporate business practices. In 2019, satisfaction surveys were conducted on the phone with 312 customers on SME products, with 696 customers on ERP products, and with 228 customers on Payroll solutions, as well as with 74 strategic customers.

Companies in need of enterprise software or support during the digital transformation process



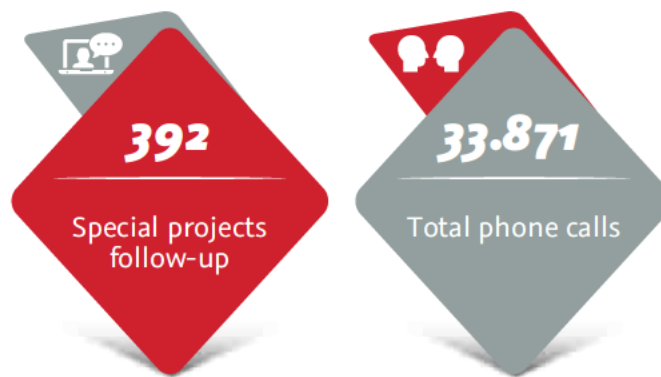


can reach the company through Logo's call center 444 56 46 (444 LO GO) or corporate website www.logo.com.tr. These channels are also used to reach sales, support, Logo Academy, investor relations, accounting and finance, and human resources departments, as well as for notifications on software piracy. In 2019, these channels were used actively in order to identify Logo customers' business software needs and to inform them about Logo products. At proposal phase, sales team refers them to Logo Business Partners. Customer Relations team achieved a 59% increase in sales opportunities in 2019 compared to 2018.

Welcome thank you calls are made both to new customers and to existing customers who have either upgraded to a higher product version or have preferred Functional Solutions, in order to provide them debriefing on their products and services.

Logo's customer satisfaction policy is based on transforming the customer requests and feedback

to satisfaction and continuously improving it by measuring, while taking into account the legal requirements. Based on this policy, the Complaint Management System application provides a clear monitoring of the solution process and the outcome regarding the negative feedback received. The process starts when the Customer Relations Management team opens a new record in the system regarding the complaint. Once responsible units have handled the complaint, the process ends when the Customer Relations Management team contacts the customer. The negative feedback received from customers is resolved within the complaint system in accordance with the customer satisfaction principles and in a customer oriented manner. In 2019, 124 complaints were created in the system and 116 of them were successfully dealt with. The number of complaints in 2019 decreased by 22% compared to 2018.



Operational excellence focused support services



Channel Sales Support Services operate to ensure that Logo Business Partners provide the fastest and most efficient service to the customers.

Based on the principles of transparency, reachability and business continuity, Channel Sales Support Services Unit prioritizes operational excellence for Logo and its stakeholders. It provides support services to solve the problems encountered by both the customers and the solution partners as soon as possible, by encompassing a customer satisfaction oriented approach in order to enhance the customer loyalty.

In 2019, support teams that are dedicated to these principles introduced the team leadership model based on product groups in order to achieve managerial and operational efficiency. The new structure shifting focus from product to customer and solutions allowed support team to respond customer requests more effectively.

"Product Support and Consultancy Services Unit" has been established in order to act in a more proactive and more agile way, by providing consultancy services through the channel at the customer's premises when necessary.

In 2019, 117,715 instances of remote support services were provided, 1,024 of which were provided to international customers. The support team reverted back and provided assistance to 8,998 customers out of 9,692 customers, who were not able to reach the company at their first call. Logo support teams have successfully addressed 97% of the service requests received over the phone.

According to customer survey results, the level of satisfaction from the services provided by Logo support teams is 4.5 out of 5.



117,715

Handled calls

4.5

Average rating score
of support surveys

97%

Service level

Logo Digital Transformation Services

Digital transformation matching customers' needs with effective project management

With an aim to support their digital transformation process, Logo provides end-to-end solutions to its customers, while running product and service-based projects and offering customized software projects. All of these services are carried out by the Digital Transformation Services Business Unit that was established in 2019.

Within the framework of Logo's "We are coding the future together" vision for 2019, and in line with the "Improving Customer and Stakeholder Experience" and "Corporate Solution Leadership in Targeted Areas" strategies, the Special Projects department and the Support and Projects department have been integrated to form the "Digital Transformation Services Business Unit" (DTS), in order to:

- lead the digital transformation of Logo customers
- support the areas where digitalization affects business processes and technological infrastructure
- increase penetration in the enterprise segment
- create reference customers in the field of functional solutions and ERP solutions for the enterprise segment and to enable Logo Business Partners to add these products into their solution portfolio
- increase the quality of the projects even more by disseminating the best practices and to set an example for business partners
- set the project management standards for Turkey, Romania and India operations in the medium to long term, and to participate in joint multinational projects

Following the revision in the digital transformation understanding and policy, the Digital Transformation Services Business Unit conducted short and long version surveys to measure customers' digital maturity levels (Determination

of digital maturity levels D.D.M.L./D.O.S.T.). A report on the survey results was prepared and the service methodology has been developed in accordance with the report findings. The DTS service catalogue has been structured in an easily comprehensible and measurable way. In 2019, a total of 120 customers and business partners completed D.D.M.L.

Digital Transformation Services Business Unit has also initiated discussions for cooperation with various companies in order to create a digital ecosystem and presented Logo's digital transformation vision in various events. The new structure's resources and its roadmap were also presented during the customer visits. With the voluntary Logo Digital Transformation Club, management team organized various social activities reflecting team spirit.

As a result of the efforts to increase DTS's income and efficiency, application time was shortened and maintenance and support contracts' renewal rates were increased, and the number of cooperation projects with business partners increased.

2019 marked a year filled with improvements in project management. Project Management Methodology guide and sample document formats were prepared and published in the Confluence system and made available to the use of Logo teams and business partners. Training sessions on project management were organized for the employees and business partners in Istanbul, Ankara and Izmir. Program management approach was adopted in relatively larger and more complex projects. In the program management approach, different areas of responsibility and functions within the same project is coordinated under unity of command. Thanks to this approach, the

customer satisfaction has increased by ensuring that the customers deal with a single person for confirmation needs. All projects have been transferred to the Project Portal to track the DTS team's projects and activities. Thus, an important step was taken to bear the project based cost by ensuring that all project activities are managed from a single platform. A Project Manager is appointed during the pre sale phase of projects comprising multiple products and multiple terms & conditions. This approach streamlined the process in a more efficient way. A new system was established to collect data from multiple teams in a short period of time more efficiently.

The workflow of the performance measurement process implemented by the DTS department throughout the projects was drawn and procedures have been established.

Innovations in Logo Treasury Management

Logo Treasury Management gained a brand new look with the completion of the new interface in 2019, which also made the project solution browser agnostic. Following the restructuring phase carried out by the software team, the project specialists started developing Logo Treasury Wizard applications in order to increase efficiency and to match their knowledge with needs. As a result, both the productivity of the software team and the customer satisfaction increased. This also constitutes a new step forward in the standardization of the Logo Treasury Wizard project solutions.

Shorter service times in Logo j-Platform and Logo j-HR solutions' projects

Logo j Platform projects were completed faster and more efficiently in 2019, by applying the Project Management Methodology.

The standard effort times in the application were reduced to half by using template adaptations in Logo j HR human resources projects as well. The content and price tables have been updated to increase efficiency in the bidding process.

Shorter installation time for Logo B2B Product

Thanks to the CoreNetWork installation wizard, Logo B2B (Business to Business) product installation time was shortened. Efficiency around 90% achieved in DTS Project Products version

transitions hat the customer level. Easy to use, one click version upgrades within 1 minute via a web application located in Logo's headquarters was made possible, with no need of a VPN (Virtual Private Network) or a remote connection.

Data collection product

Data Acquisition Platform (DAP) project product was developed and the data collected from distributors was reported with Logo Mind Insight Business Analytics solution. Sample reports based on DAP's, existing database was created with Logo Mind Insight. Business intelligence reporting system was positioned as the visible part of the data collection system.

Version automation in DTS products

Automated version packages were developed by making new versions of DTS project products available via Jira. The version errors have been reduced with the transfer of Logo's know how on the development of version packages to the system.

Improvements in the maintenance and support services

In 2019, the Application Error Collection Tool was developed to shorten the DTS project products maintenance and support time and to reduce the response time. This tool allows the collection and reporting of the errors and logs received in customer premises under a consolidated structure on the Logo central server. Thanks to instant notifications regarding the errors received in live use, DTS project teams were able to produce faster results. By analyzing the consolidated error logs collected at a single place, frequently received errors were identified, and by producing permanent solutions, maintenance and support activities were reduced.

In this context, solutions that will facilitate the support to frequently encountered problems especially in Logo Flow Workflow Management projects were developed. A significant improvement was observed in Logo Flow maintenance and support activities.

Logo Retail Solutions

Continuous transformation of the retail industry



Increasing use of technology with the advancements in technology requires the retail industry to be in continuous transformation. In this respect, the retail industry has always been quick to adapt to transformation. Logo's retail solution platform, which was developed to be compatible with the ever-changing needs of the retail industry, offers the industry the required transformation opportunities.

Earlier investments of retail companies in cash registers and payment points have begun to be outdated, which bring higher operating costs. In line with this trend, Logo has been investing in this area with new Logo Diva solutions that use cutting edge Logo technology. As the tendency to use cloud technology increases, Logo continues offering Diva solutions, which is the industry leader in this field, by expanding it with the cloud service model. In 2019, in chime with the global trends, retailers continued to develop projects that would prioritize customer experience. Customer centric retailers realized through their analysis of customer behaviour that they should be structured in a way that makes customers feel close outside of the stores as well. Strengthening and improving the API infrastructure of Logo retail solutions in 2019 allowed the customers to easily manage their integrations with external systems from a single center. Thus, the retail companies using this API platform have gained competitive advantage in terms of providing their customers with an omnichannel experience with all points where Logo retail solutions are used. In 2019, Logo

has released the first version of the mobile cash register solution, which is one of the factors that increase the in store customer experience. Mobile cash register solution aims to allow customers to complete their shopping without waiting in the cash register queue. The target is to release the second version of the mobile cash register solution in 2020, which will include payment functions in accordance with the mobile payment regulations stipulated by the Communiqué no. 507. Thus, within the Logo Diva retail solutions, companies will find a plethora of ready to use components that will contribute to the customer experience. In addition to all these developments, Logo Diva offline solution has been developed in order to support uninterrupted service at the cash registry point. In case of internet outage despite all the online line backups at the cash register, Diva offline solution is activated, and the sales are not disrupted. Logo develops solutions with the most up to date technologies for the retail industry and continues to provide guidance in terms of the transformation and sustainability needs of retail companies in 2019, as in previous years.

The most preferred digital transformation solution partner of Turkey



As Turkey's most preferred private integrator, eLogo carries on its operations as an e-service company offering industrial solutions to meet the needs of the market and its customers on the path to integration.

While leading the digital transformation process of companies, eLogo offers end to end solutions for the digitalization of its customers thanks to the strength stemming from Logo's 35 years of experience. These solutions bring down paper, printing, archiving, workforce and distribution costs, while accelerating the financial process and, decreasing the operational workload. Logo solutions also ensure data security during the digital transformation process.

Thanks to its innovative and customer oriented approach, eLogo collaborates with customers in order to monitor their experiences and practices in an end to end manner. Thus, it constantly improves its products in terms of both functionality and user experience.

eLogo continues its efforts towards strengthening its leadership position and offering value to its customers with its competent team in training and support that is constantly on the field and that combines its youth and dynamism with Logo's expertise and reliability.

Offering e Invoice, e Archive, e Ledger, e Dispatch and custodian services approved by the Revenue Administration (GIB), eLogo serves businesses that use both Logo's enterprise solutions and other solutions. Furthermore, eLogo offers value added services in similar areas such as e Collection, e Statement, e Reconciliation, e Dispatch,

e Commerce portal, e Producer Receipt, and occupational health and safety solutions.

In 2019, eLogo focused on value added financial technologies while further extending its market share and market leadership in e Government solutions. The company offers end to end financial solutions with a series of products developed to cater the customer needs. Communication activities were carried out to raise awareness on this issue by releasing regular debriefings and announcements regarding the legislative changes.

Furthermore, companies that are not obliged by the law to issue e documents, such as e Invoice, were encouraged to proceed with voluntary transitions and to become eLogo customers. In addition, this year as well, within the context of mass transition projects, the dealer, service and distributor networks of many companies have switched to e Invoice and e Archive Invoice via eLogo, ensuring both operational convenience and speed, and cost advantages.

e-Transformation gained momentum in 2019

A new Communiqué by Revenue Administration (GIB), which greatly affected the e government solutions industry was published in the second half of 2019. The Tax Procedure Code General Communiqué, which was prepared to ensure



integrity in electronic document applications, entered into force in October. The new communiqué contains important changes that affect various companies, application users and self employed people. The critical industries from a tax perspective and taxpayer groups have been included on a mandatory basis, and companies are required to switch to e Archive Invoice, e Invoice, e Dispatch, e Ledger, e Self Employment within the timeframe specified in the new communiqué, which accelerated the e transformation process. eLogo has completed its preparations in order to offer companies the support they need during the compliance process and has provided companies with a top notch service, which allowed them to kickstart their new period preparations beginning from the last quarter of 2019. eLogo makes the lives of customers easier, who will become e Invoice taxpayers by providing them with intense support thanks to a dedicated team. Logo removes the question marks related to the transition process thanks to its expert teams in the field.

Independently from the legislation, eLogo thrives to raise SME's awareness on digital transformation since they are the backbone of the Turkish economy and contributes to e services market growth through its solutions. Therefore, it is crucial to be able to explain digital transformation's contribution on operational

efficiency especially for SMEs. Switching to e Invoice saves companies from printing, typing, signing, stamping, shipping, and archiving costs, and their operational burdens. In other words, the cost per invoice decreases from 4,5 5TL to a couple of cents only. The transfer of official documents to the digital platform minimizes losses and errors, and the acceleration of billing processes allows trade volume acceleration and provides operational convenience. Thus, eLogo's contribution to both environmental and financial sustainability is significant.

Trust as a key factor in the operations of private integrators

It is very important to safely store company documents that include trade secrets, or that are archived for legal purposes. eLogo's reliability is one of its most important competitive advantages. This comes hand in hand with the fact that eLogo is a subsidiary of Turkey's most valuable IT company, Logo, which boasts a 35 year long history. Further adding to this, eLogo makes all necessary investments for the continuous improvement of its infrastructure, technical support and service quality of the e transformation process.

Logo KOBİ Dijital Hizmetler and Logo Ventures

Value-added initiatives



Digital support for microSMEs: Logo SME Digital Services

Founded in 2017, Logo KOBİ Dijital Hizmetler A.Ş., (Logo SME Digital Services) a wholly owned subsidiary of Logo, enables SMEs to perform bookkeeping management and issue e invoice via Logo İşbaşı solution from anywhere with an internet access. In addition, it develops calculation applications frequently used by companies and individuals through the creation of internet based and mobile technologies.

Launched in 2018, Logo İşbaşı, an online bookkeeping program developed thanks to the 35 year experience of Logo, in the context of mobile solutions, which increase the efficiency of small businesses and make their lives easier. Logo İşbaşı is also the first and only billing mobile application in Turkey featuring voice command. Logo İşbaşı allows businesses to proceed with Invoice Tracking, Order Tracking, Income Expense Tracking, Inventory Tracking, Cheques Entries,

Current Account Tracking, Cash Deposit Tracking, e Invoice and e Archive Invoice solutions from anywhere with internet access via desktops, tablets or smartphones.

Logo İşbaşı offers a 14 day free trial period after an easy membership registration on www.isbasi.com website. Logo İşbaşı is user friendly solution that does not require any training. Just downloading the application from either Google Play or AppStore is sufficient. By the end of 2019, İşbaşı has reached 32 thousand users. An increase of 528% was achieved compared to 2018.

Furthermore, 5 micro applications have been developed, including totally free VAT calculation, Motor Vehicle Tax calculation, rent income tax calculation, net to gross, gross to net monthly/annual salary calculation, and self employment invoice calculation. The mobile applications have approximately 15,000 active users per month and have been downloaded to smartphones about 200,000 times.



Logo Ventures

Logo Ventures, a corporate venture fund in Turkey, was founded in the second half of 2017. Logo has 20% shareholding in Logo Ventures and it had an investment target of 10 million TL.

Actus Asset Management A.Ş. Logo Ventures Venture Capital Investment Fund aims to invest high risk venture capital through debt, capital, debt capital mix and similar means to technology companies, which are in the incubation period and have not yet proved their technology or business model yet, however, demonstrate high growth potential. The aim is to help such companies achieve their growth targets and create long term value by providing them with strategic support. Within the context of 7 digit figure financial

support to enterprises with technological depth, especially in the B2B area, in a similar vein, the future strategic assistance plays a valuable role in closing the gap in this ecosystem by commercial contributions.

In 2017, Logo Ventures invested \$1.2 million in Vispera, which has developed image recognition oriented technologies for retail companies, and in 2018, Logo Ventures invested 500 thousand dollars in V Count, an enterprise that produces hardware and software such as people counting, heatmap analysis, and cash register queue analysis, that can be used in many areas from retail to exhibitions, and from airports to libraries. Logo Ventures will continue supporting entrepreneurs to reinforce a plethora of ideas.



Logo Total Soft in Romania



Founded in 1994, Total Soft is the leading local Enterprise Application Software provider in Romania. The company evolved from a distributor of a project management software into a software house that provides industry specific solutions across the world. The company was acquired by Logo in October 2016.

Logo Total Soft operates in 45 countries across 4 continents such as UK, Austria, Spain, Poland, USA, Canada, Brazil, South Africa, and China, in addition to its home market. The company, currently, has around 800 active clients, leaders in various industries including financial services, retail, distribution, production, construction, agriculture, energy, medical and services. It has an office in Germany with the role of capitalizing the growth potential of financial services solutions in the international market.

Logo Total Soft develops and delivers business software solutions under Logo Charisma brand umbrella and structures its flagship product Logo Charisma ERP as a universal solution with specialized industry based modules. Financial services constitute the firm's prominent industry, which has successfully evolved internationally with implementations mainly for multinational groups which are leaders in their industries. In addition to the leasing industry, Total Soft has a leading position in Romania with its human resources and payroll software solutions, as well as with the healthcare application.

The full fledged ERP solutions developed by Total Soft provides companies with an integrate usage of processes and a holistic understanding of

the data that drive the business. As important players in different industries choose Logo Total Soft solutions, these valuable references drive the sales of the company.

Another successful year post ABS acquisition

Following the acquisition of ABS at the end of 2018, the combined resources of Total Soft and ABS provided added value to both local and international clients and helped further widen Logo Total Soft's business services offering to its clients. Logo's ownership at Logo Total Soft stands at 80% after ABS acquisition where owners of ABS have a 20% shareholding in the company. ABS provides retail consultancy, technology and outsourcing services and ABS FS provides financial services.

Overall, 2019 marked another year of improved performance operationally and financially for Logo Total Soft. Sales increased by 31% reaching 142 million TL and EBITDA margin was realized at 19%.

Logo Total Soft successfully added new clients to its portfolio with top line projects for all solutions. For Logo Charisma ERP, some of the new customers are large real estate investment & management companies, leading international centres of academic excellence in Romania, prominent hotels, important retailers and manufacturing companies.

Logo Charisma HCM (Human Capital Management) was chosen by important local manufacturing companies, international fashion retailers, top Romanian players in the Oil & Gas industry,

market leaders in manufacturing, mining, and IT companies.

The Business Process Outsourcing (BPO) division within Total Soft developed a unique set of services that includes, in addition to standard HR & Finance services, digitalization according to GDPR (General Data Protection Regulation) requirements and electronic signatures. As a consequence, it added to its portfolio one of the main sanitation company in Romania, and one of the main online pet stores.

New contracts were also signed with existing clients. Total Soft extended current projects by implementing new software solutions, by signing new addendums for additional services, or by extending the implementation projects to subsidiaries of existing customers. The existing clients also chose to continue collaborating with Total Soft and to receive developments and support services for leasing, pharma, distribution, retail, healthcare, manufacturing and services industries.

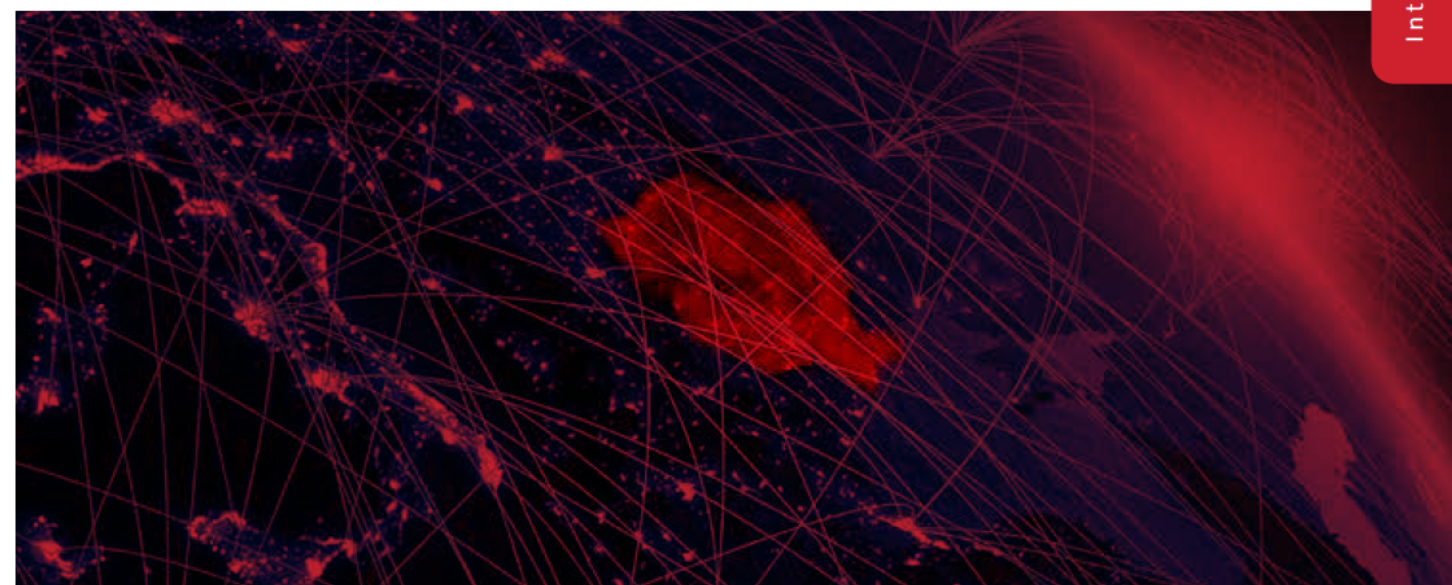
Some of the most important projects in 2019, for the international market were in the leasing industry. A leading multinational leasing customer rolled out the application in two new countries and implemented a new feature with impact on all countries the development of an interface that connects the origination platform

from Logo Charisma Leasing with the vendor. This enables Logo Charisma Leasing to connect with any vendor via API (Application programming interface).

Another complex project involved the migration of an international client from another ERP solution to Logo Charisma Leasing.

In the local market, Logo Total Soft had several strategic projects for retail, banking and manufacturing industries. One of them refers to a series of Logo Charisma HCM upgrades focused on moving the application to online and upgrading the solution with new features and new modules. This major shift is in line with the product strategy and market trends, allowing large companies to decentralize their HR teams and perform specific activities from multiple locations.

Also, in 2019, the project for the transposition of the European Falsified Medicine Directive in Logo Charisma continued. Thus, the largest Romanian pharmaceutical companies became compliant with this new Directive by using Logo Charisma ERP. In addition, the ERP application was selected by important retailers and manufacturing companies, with multiple locations and complex configurations.



Increasing product development investments

In 2019, Logo Total Soft continued to invest in the existing products to improve performance, adopt new technologies, rewrite old modules. Based on a clear roadmap for Logo Charisma Suite, the applications are being transformed into active actors of the customer's ecosystem by being opened to integration.

The incubation & rapid experimentation of new technologies by R&D department was a constant concern, allowing the development of new products with fully automated decision support, through easy integration to third party solution, moving solutions to cloud and adopting new technologies. Logo Total Soft also supported digital transformation with features like electronic document signature, OCR (Optical Character Recognition). In addition, these investments targeted the integration of AI (Artificial Intelligence), IoT (Internet of Things) and chatbot technologies in Logo Charisma business applications, in order to transform the business processes and optimizing current solutions.

The investments in product developments were the largest in the last four years and some of the products resulted from these investments have already reached the market such as the chatbot integrated in the HCM solution or a new platform to connect all solutions and services required by a leasing company.

Enhanced marketing efforts

The company participated in several local and international business events, focusing on leasing, retail, agriculture, pharma, human resources, and technology.

For the leasing market, some of the most important international events in which Logo Total Soft was present were "Lease2019 Milano" and "Leaseurope Annual Convention Budapest" that reunited major players in the leasing and credit industry from Western Europe, or "Lease Conference Istanbul" that focused on the leasing market from Central and Eastern Europe, Middle East and Africa.

"Retail Tech 2019" and "Expo Shop" where two national events that connected important retail

companies with IT and other services providers. In addition, participation in events such as INDAGRA & CARNEXPO, GO TECH, and ZF PHARMA SUMMIT provided higher visibility for the manufacturing, pharma and IT market.

Logo Total Soft was also main partner for a series of major events in several Romanian cities, promoting the new feature available for Logo Charisma HCM in front of large audiences consisting in HR managers and specialists.

Operational transformation

As part of the Operational Transformation efforts, Logo Total Soft carried out a project focusing on the increase of efficiency in delivering high quality projects. The internal projects initiated in 2018 that aimed to involve all employees in carving operational processes and working in implementing Logo Total Soft future directions continued.

In this regard, new roles in the HR department were defined HR Business Partner and Talent Attraction Specialist. The HR Business Partner will work directly with internal divisions in order to become trusted advisors for both management and employees, implementing HR strategies and operations into assigned Departments / Divisions.

Also, Logo Total Soft focused on designing a new performance management system aiming to build a culture based on recognition and sustain success and performance: "Pay for performance".

Recognition for improved employee experience

Logo Total Soft has been selected as one of the best employers in 2019, in Romania, according to Capital Media Production, the publishers of "Top 100 Employers in the Economy". It was ranked no. 37 and it is a first result of the employee centric initiatives that have been started in 2018 and continued in 2019.

Some of these initiatives focused on enforcing an agile approach to corporate structure. Thus, we implemented a two/three tier management and supervisory structure, as well as planning and controlling tools such as Balanced Scorecard, clear budget lines and management KPIs. Performance

management is now part of Logo Total Soft's core, with focus on targets and objectives to be achieved at an individual and team level.

The new learning and development opportunities were made accessible to all employees. Training program is focused on developing both technical & professional skills, but also soft skills. One example is the Suite of Agile Trainings and Design Thinking workshops that have occurred regularly in the past months, as well as external trainings on "Master your presentations", "Negotiation skills", "Time Management".

In addition, a new suite of trainings was prepared and delivered under the name of "Management School" for Logo Total Soft business leaders with the purpose of developing professional and leadership competences, but also for internal alignment of vision and values.

A major project that aimed to attract new talent was the preparation and promotion of Logo Total Soft Academy 2019, with 2 series of juniors trained for 3 months by Total Soft senior employees from different teams and prepared to start their careers in one of the departments, as per their choices and abilities. Following these junior hiring programmes, around 60 developers, technical and business consultants joined the ranks at Logo Total Soft.

Related to this subject, the Company also focused on supporting the young generation of IT experts by initiating a series of corporate social responsibility projects.

ISO Management Systems

• Certification ISO 9001:2015 The main objective of the company is to provide customers with high quality standard products and to permanently improve processes, staff competences and the services provided. ISO 9001:2015 accreditation certifies the implementation of such a Quality Management System.

• Certification ISO 14001:2015 The company has taken measures to control the impact of its activities on the environment by implementing an Environmental Management System certified with ISO 14001:2015 standard. Thus, Total Soft is committed to address technologies that protect the environment such as recycling and reducing the consumption of energy or other resources necessary to carry out its activities.

• Certification OHSAS 18001:2007 Total Soft promotes a safe and healthy work environment, where occupational risks are controlled and managed to the highest standards. In 2007, the company obtained a certification on Occupational Health and Safety Management System according to the OHSAS 18001:2007 standard.

• Certification ISO 27001:2013 In today's competitive business environment, information must be permanently protected. The Information Security Management System ISO 27001:2013 ensures confidentiality, integrity and availability of information both for the customers and for the proper performance of the company.

Corporate Social Responsibility activities

• Logo Total Soft focused on supporting the young generation of IT experts by initiating a series of corporate social responsibility projects. One of them refers to the sponsorship of six students from the "St. Sava National College" who won the first prize at a NASA competition, with the SERENDIPITY project the design of a spaceship, independent of any planet, capable of supporting 12,500 people.

• On the International Women's Day, Total Soft thanked the women professors from the Edmond Nicolau Technical College in Bucharest for the training of the new generation of engineers in IT and Mechatronics. With this occasion, Total Soft made a surprise visit to college and gave all women teachers a special gift.

Logo Infosoft in India



Logo Infosoft was established in 2016 as a joint venture with GSF Software Labs LLC in India. Logo Infosoft aims to improve the core operations of SMEs through innovative use of technology. The product portfolio of Logo Infosoft includes its Goods and Services Tax (GST) ready ERP branded "Jugnu" and mobile friendly "Vyapari" solutions. These software solutions were specially custom tailored and developed by Logo for Indian market. India has a vibrant economy with approximately 60 million SMEs (Small and medium size enterprises) on track with digitisation mandated by GST (Goods and Services Tax).

Logo Vyapari – GST compliant accounting software is validated by GSTN

Vyapari was a strong contender in the Goods and Services Tax Network's (GSTN) evaluation of Billing and Accounting Software for SMEs. Partnered with IRIS Business Services Pvt Ltd., Logo won its place as the only international software in the final list of 8 software selected by GSTN. Logo Vyapari is endorsed and validated by the GSTN and vetted by the accounting professional body ICAI (Institute of Chartered Accountants of India) for its features and GST compliance. Vyapari tightly integrates

with GSTN, synchronizing its accounting system with the government machinery. It seamlessly consolidates data related to customers, suppliers, products and services for easy setup. As a part of Go To Market for promoting Vyapari, Logo Infosoft is collaborating with leading financial institutions, telecom providers, mobile handset manufacturers and a leading computer hardware manufacturer to bundle Logo Vyapari along with the products and services.

Logo Jugnu and Logo Vira

Logo Infosoft's flagship product "Jugnu", which seamlessly automates an SME's entire operations is the fully GST compliant India specific version of Logo J platform. Logo Jugnu is well positioned to become the new business backbone, covering financial accounting, inventory management, procurement, sales, and distribution operations. Logo Vira Distribution Management Software helps OEMs (Original Equipment Manufacturer) to reach out more distributors and run their business more efficiently. During 2019, two customers from pharma and chemical industry went live on Logo Jugnu and one customer from food and edible oil sector went live on Logo Vira.

Awards and recognitions

Logo Infosoft secured multiple awards and recognition in 2019;

- Awarded and Featured as "30 Innovative Start ups to Watch in 2019" by The CEO Magazine
- Awarded as "Company of the Year 2019" under Best SME Automation Provider
- Logo Infosoft's CEO Mr. Vinod Subramanian got recognized as "CEO of the Month June 2019" in The CEO Magazine.

Marketing and sales operations are growing

On the marketing front, Logo Infosoft's key imperative during 2019 was to achieve and sustain strong presence in the MSME/SME market segment as thought leader in the GST accounting software segment. To achieve the same, Logo Infosoft conceptualized and executed a blend of digital and traditional marketing plan. Essential cornerstones of the marketing strategies included: product centric campaigns, targeted campaigns (such as tax professionals, MSME and SME) with inbound geo location, participation in key industry events, GST seminars with multiple industry bodies (2 webinars, addressed 6 trade and professional bodies seminar), customised e mail communication activities (EDMs) and product centric video communication. The multi pronged communication strategy proved fruitful for achieving Logo Infosoft's core objectives during 2019. It resulted in significant traction for Logo Infosoft offerings and Logo brand.





Corporate
overview

Board of directors



M. Tuğrul Tekbulut
Chairman of the Board

Mr. M. Tuğrul Tekbulut graduated from Bosphorus University's Department of Electrical Engineering in 1980 and received his master's degree in 1983 from the same department. In 1999, he completed the Owner and President Management program, an executive education program offered by Harvard Business School. He received a master's degree in bioengineering from the Sabancı University in 2006. In 1984, he established the software initiatives that come under the Logo Group. Mr. Tekbulut also led the establishment of various civil initiatives regarding informatics, innovation and entrepreneurship. He founded TÜSIAD Entrepreneurship and Innovation Working Group and co-founded Turkish Informatics Foundation and Software Industrialists Association between 2006 and 2009. During the same period Mr. Tekbulut served as the Chairman of TÜBİSAD Informatics Industry Association. He is serving as the Chairman of Logo's Board of Directors and he is a member of Logo Group Committee.



Murat Erkurt
Board Member

Mr. Murat Erkurt is a founding partner of Mediterra Capital Partners. He graduated from the Middle East Technical University Electrical Engineering Department. He also holds an MBA from Columbia Business School, a MSc in Mathematics from Imperial College and a MSc in Electrical Engineering from Northeastern University. Formerly Managing Director in the Private Equity Division of Lehman Brothers, where he worked for 15 years of which 14 years as a private equity investment professional in New York and London, as lead deal partner in investments in 12 companies. He served on the boards of portfolio companies and funds in various jurisdictions, including the UK, Spain, Germany, Denmark, Finland, Czech Republic, Israel, Luxemburg and Guernsey.



M. Buğra Koyuncu
Vice Chairman & Logo Group CEO

Mr. M. Buğra Koyuncu graduated from Istanbul Technical University Department of Control and Computer Engineering Department in 1994. In 1993 he joined Logo as a system analyst. Following his service as a project manager and then as a product development manager, he was appointed as the General Manager of the company in 2004 and as the CEO in October 2011. He is currently serving as the Vice Chairman of Logo's Board of Directors and Logo Group CEO. Also he is a member of Logo Group Committee.



M. Cengiz Ultav
Independent Board Member

Mr. Ultav was born in Eskişehir on February 26th, 1950. He graduated from Ankara Science High School and received his BSc and MSc degrees from the Electrical Engineering Department (Computer and Control Option) of Middle East Technical University, Ankara, Turkey. He also has a diploma from Philips International Institute, Eindhoven, Netherlands. After working in technical and administrative departments of Bimsa and Info in Turkey, and Dornier System GmbH in Germany, he served as the Assistant General Manager of NCR, Turkey and as the General Manager of Sun Microsystems, Turkey. During the same period, he offered consultancy services to major groups such as Koç, Sabancı, and Eczacıbaşı. He has been supporting Vestel Elektronik's Executive Committee since 1995 in the areas of strategic planning and investor relations and he was a Board Member of Vestel Elektronik till May 2016. He continues his post as a Board Member of Vestel Ventures ARGE. As an UNDP consultant in Vietnam, he conducted a study for the development of local electronics industry. He is the founding member of both Turkish Informatics Society (TBV) and Turkish Unix Users Group. He is also a certificated consultant of Microsoft in the area of Solution Development Discipline. Awarded by TÜBİSAD with the "Lifelong Service Reward" in 2005, Mr. Ultav has been serving as the Chairman of the Executive Board of TTGV since August 2005.

Top management



M. Berkay Mollamustafaoğlu
Independent Board Member

Mr. Mollamustafaoğlu graduated from METU Electrical and Electronic Engineering. After completing his master's degree in management information systems in Marywood University, he worked in number of technology companies including Smarts, Ernst & Young, and Predictive Systems between 1994 and 2005. In 2005, he co-founded his first software company iFountain in 2005, and in 2012 co-founded Opsgenie. Following acquisition of Opsgenie by Atlassian in 2018, he's continuing his career leading Opsgenie business unit.



Gülnur Anlaş
Logo Group Chief Financial Officer

A graduate of Middle East Technical University, Gülnur Anlaş holds an MBA from Texas Tech University, and MA in Economics from University of Delaware. Started her career in banking as an assistant auditor at Interbank in 1984 and thereafter worked at Chemical Bank and Westdeutsche Landesbank AG in corporate finance. Prior to joining Logo, she served as vice president of finance at the Teba.

Gülnur Anlaş joined Logo in 2006 as the Chief Financial Officer. During this period, she has supported Logo's operational efficiency projects and played an active role in the company's acquisitions of nine companies and their efficient integration into Logo. Parallel to Logo's ongoing strategy to excel in corporate governance, she has focused on conducting ratings and sustainability. Logo is the first software company to become public in 2000, and Anlaş has been responsible for managing investor relations with domestic and international investors. In 2016, she played an active role in the fully marketed offering of Logo's shares to qualified investors, marking the first successful internationally marketed deal in Turkey since November 2014. Also she is a member of Logo Group Committee.



A. Afa Boran
Independent Board Member

Mr. Afa Boran has over 22 years of experience initially as an equity research analyst and later as an equity portfolio manager. During his career as an analyst (at Natwest Markets and Credit Suisse), he has been ranked several times as the best analyst by Institutional Investor, Exel and Reuters for Southern Europe and Turkey, and later when working in the Middle East as a portfolio manager, he has been ranked several times as the best performing fund manager in the Middle East region. His interviews and commentaries have appeared several times on local as well as international media. Boran holds a master's degree from London Business School in Finance, an undergraduate degree from Jacksonville University, and a CFA degree.



Hande Yalgin
Logo Group Chief People and Organizational Transformation Officer

After graduating from Istanbul University Faculty of Economics' Department of Labor Economics and Industrial Relations, Ms. Hande Yalgin continued studying at Istanbul University's Human Resources program, and in later years received Coaching Training Institute's CPCC Co-Active Coach certificate. Ms. Yalgin began her career during her university years and starting in 1998, she served in various positions within HR, Organisational Transformation and Development areas of institutions such as PERYÖN, Koc Holding-Avis Rent a Car, Arkas Holding, Turkcell and Yıldız Holding. Between 2012-2018, she served as the Director of Commercial Units HR Business Partners and Director of Hiring, Talent, Education, Development, Diversity&Inclusion and Employer Brand Management at Vodafone Turkey, respectively. Ms. Yalgin executed many organisational and cultural transformation projects during her career. Between July 2018-June 2019, she has served as an Executive Committee Member in charge of Human and Organisational Transformation Process. Since June 2019, she has been serving as the Chief People and Organizational Transformation Officer of Logo Group. Also she is a member of Logo Group Committee.



İsmail Duran
Logo Group Chief Technology Officer

Duran graduated from Middle East Technical University's Mechanical Engineering department. After working on Construction Tender and Progress software solutions, Duran joined Logo Special Projects department as a Software Developer in 1999. He continued his career outside of Logo between 2001 and 2003 by developing Hospital Automation as Uluslararası Bilgisayar A.Ş.'s partner and being a guest faculty member in a private university. After rejoining Logo family in 2003, he worked in various levels of R&D and infrastructure department for four years. Duran served as R&D Manager between 2007 and 2015, as Head Software Architect between 2015-2017 and as the Director of Software Architecture between 2016-2019. Since December 2019, he has been serving as the Chief Technology Officer of Logo Group. Also, he is a member of the Logo Group Committee.



Akin Sertcan
Logo Turkey General Manager

In 1990, Mr. Akin Sertcan graduated from İzmir Dokuz Eylül University Department of Computer Programming. In 1989, he started to work in the IT industry as a sales representative and then served as a sales manager and as a sales coordinator in various companies. In 1996, he joined Logo as a sales channel manager responsible for the Aegean Region. In 2008, he was appointed as the regional manager of the Aegean Region. Between January 2012-June 2019, he has served as an Executive Committee Member. Since June 2019, he has been serving as the General Manager of Logo Yazılım Turkey. Also he is a member of Logo Group Committee.



Arslan Arslan
Logo Retail Solutions General Manager

Arslan Arslan graduated from the Middle East Technical University - Department of Computer Engineering in 1996 and completed his master's degree in the Middle East Technical University - Department of Computer Engineering in 1999. He is one of the founding partners of Özgün Yazılım Software Company, a Logo solutions partner. In 1998, he joined Logo as an R&D Software Engineer. Between 2000 and 2005 he worked on R&D projects at Logo's Frankfurt office. He returned to Turkey in 2005 to work as R&D group manager at Logo's Ankara office, prior to his appointment as the Director of Infrastructure and Tools in 2006. Between January 2012 and June 2019, he has served as an Executive Committee Member. Since June 2019, he has been serving as the General Manager of Logo Retail Solutions.



Başak Kural
eLogo General Manager

Kural graduated from İstanbul Technical University Faculty of Business Administration, Industrial Engineering Department in 2003 and from Bilgi University MBA program in 2017. She started her career as a product manager in Beko Elektronik A.Ş. Kural, who started to work in the marketing department of Turkcell İletişim A.Ş. as of 2007, served as the Group Manager responsible from Mobile Internet Revenues in Avea between 2010 and 2014 and then as the Strategy Director responsible from Technology and Regulation Strategies in Turk Telekom Group between 2014-2017. Since March 2017, she has been serving as the General Manager of Logo Elektronik.



Süheyla Özgül
Logo Digital Transformation General Manager

After graduating from İstanbul Technical University, Engineering Mathematics in 1988 Süheyla Özgül started her career at Link Bilgisayar as software developer. She served as package program developer at Eczacıbaşı Holding and transferred to Eczacıbaşı Group's new founded IT company Eczacıbaşı Bilişim. Özgül was responsible for the Group's Software Development and Quality when she left the Group after serving in various position in software development processes within the Group between 1992-2009. Between the years 2009-2011, she was responsible for Ceva Logistics' Cargo, FTL and Internal Processes under IT department. She joined Logo as Group Manager for Special Software Projects in 2011 and became the Director for Special Projects in the following year. Since June 2019, Özgül has been serving as the General Manager of Logo Digital Transformation comprising Logo's all project services and digital transformation consultancy services.



Uğur Nuri Sipahi
Logo Group Coordinator, Information Technologies and Business Processes

Mr. Uğur Nuri Sipahi graduated from Bosphorus University Department of Industrial Engineering in 1993 and received his master's degree in the field of industrial engineering from Marmara University in 1997. Between 1995 and 1997, he worked in the automotive supply industry on quality management. In 1997, he joined Logo as a system analyst and has served for 10 years in the product development department at different levels. Between 2007 and 2009, he has served as a business solutions advisor and between 2009 and 2012 as a product manager. Between January 2012 and June 2019, he served as a member of the Executive Committee. Since June 2019, he has been serving as the Group Coordinator responsible for Logo's Information Technologies and Business Processes.



Yiğit Çallı
Logo Group Director, Corporate Brand and Communications

After graduating from Sabancı University, Department of Economics in 2004, Mr. Yiğit Çallı started his career at Wella Professional as assistant brand manager. Until the end of 2014, he has worked in various global and local companies as brand and marketing manager within cosmetics, pharmaceuticals, food and beverages sectors. Stepped into IT sector in 2014 and started working at Logo as marketing manager in 2015. In 2018, he took responsibility of Corporate Strategy, Communication and Event Management. Since June 2019, he has been serving as Group Director, Corporate Brand and Communications.

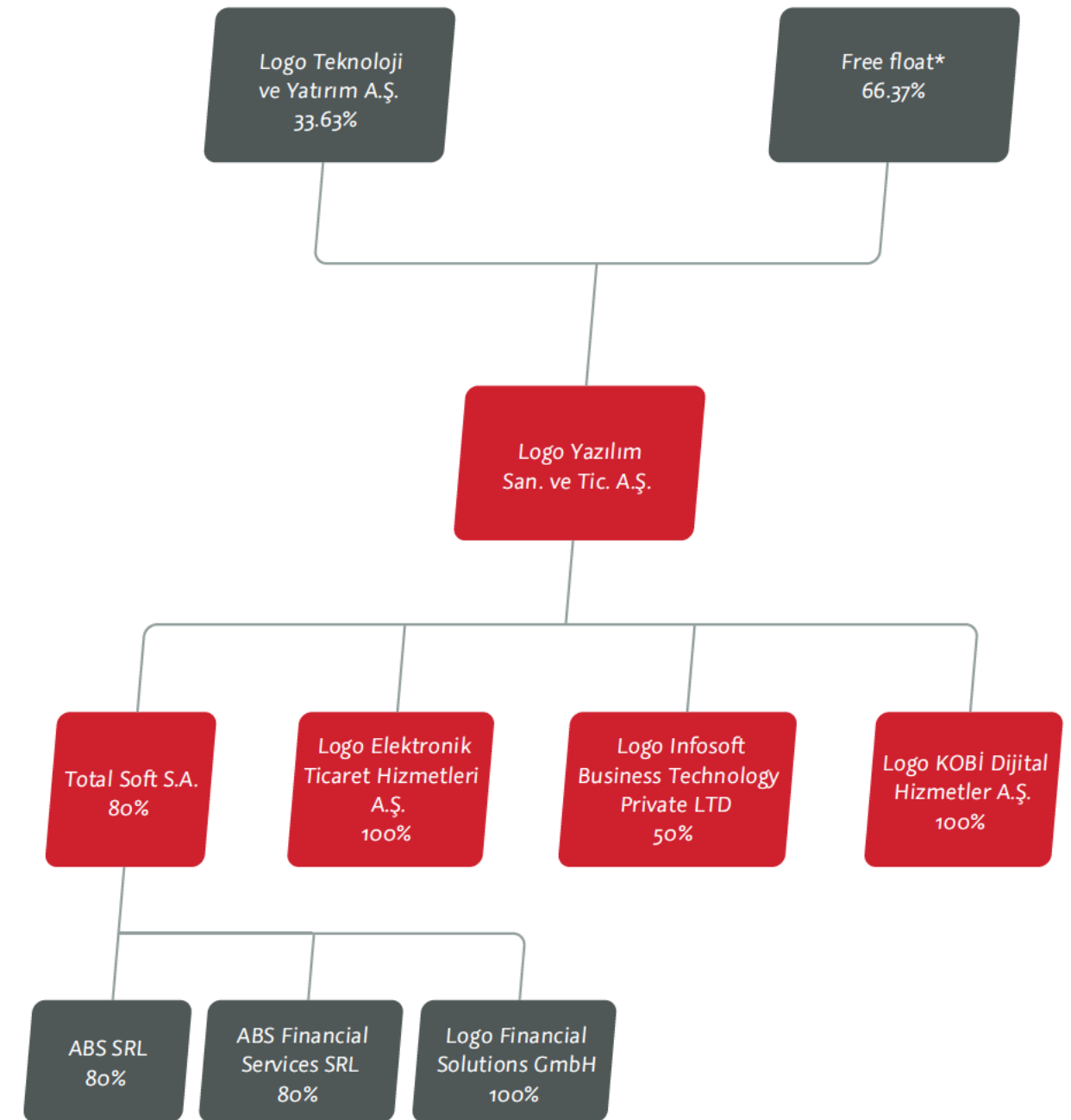
Capital and shareholding structure



Logo's paid in capital of 25 million TL is divided into 2.5 billion units of shares with a value of 1 kurus each. As of December 31, 2019, capital of the company consists of 3.3 million units of Group A registered shares corresponding to 33,000 TL and 2,496,700,000 units of Group B bearer shares corresponding to 24,967,000 TL. Half of

the board members and the chairperson of the board shall be elected from among the candidates nominated by the Group A shareholders. Breakdown of the company's capital of 25 million TL is as follows:

Share class	Registered / Bearer	Units
A	Registered	33,000
B	Bearer	24,967,000



** Including 3.48% Treasury shares.

Amendments to the articles of association within the reporting period

In the Ordinary General Assembly Meeting held on May 3rd, 2019, article 6 titled “Capital”, article 8 titled “Board of Directors and its Duration”, article 9 titled “Representation and Binding of the Company and Meetings of the Board of Directors” and article 13 titled “General Assembly” of the Articles of Association have been amended.

In order to adopt the registered share capital system pursuant to the Capital Markets Law, article 6 titled “**Capital**” of the Articles of Association has been amended. In pursuant with the Capital Markets Law and the Turkish Commercial Code, in order to adopt the registered share capital system, to change the number of Board members to be appointed by the Class A

shareholders as half of the total number of Board members and to determine the matters requiring aggravated quorum at the General Assembly, article 8 titled “**Board of Directors and its Duration**”, article 9 titled “**Representation and Binding of the Company and Meetings of the Board of Directors**” and article 13 titled “**General Assembly**” of the Articles of Association have been amended.

Adoption of the registered share capital system and amendments to the Articles of Association were approved by the Capital Markets Board on March 22nd, 2019, and approved by the Ministry of Trade on April 1st, 2019, and then registered on May 8th, 2019 after the approval at the General Assembly on May 3rd, 2019.

Risk management

Logo categorizes the risks that the company is exposed to as follows: **stocks, debt management, technological change, competition, collections and currency fluctuations. Control mechanisms required were set in order to minimize the effects of those risks.**

Capital risk The company aims to safeguard its ability to continue as a going concern, while maintaining an optimal capital structure and matching cash and commercial receivables that are generated from operations with its financial and commercial liabilities. Cost of capital and the risks that each asset class is exposed to are evaluated by the executive management and those that are subject to the board’s decision are presented to the board of directors. Pursuant to evaluations of the executive team or the board of directors, the company aims to balance its capital structure by obtaining additional debt, debt repayment, paying out dividends or issuing new shares.

Debt, collection and currency risks Foreign currency assets exceed foreign currency liabilities and the company is not exposed to a significant level of currency risk. The responsibilities of collections unit and sales and marketing unit are separated to manage the collection risk.

Market risk As a result of financial instruments among the assets, the company carries the risk of non performance by the other party. Market risks on the company level are measured with sensitivity analysis. There was no difference in the market risk compared to the previous year. The method that is used for measuring or managing the market risk has also not changed.

Credit risk management Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by limiting aggregate risk from any individual counterparty (excluding the related parties) and obtaining sufficient collateral where necessary. The credit risk is measured according to company policies and procedures and is shown on the balance sheet net of allocated provisions for bad debt.

Liquidity risk management Logo manages the liquidity risk by regularly monitoring the cash flow, matching maturities of financial assets and liabilities, sustaining sufficient funds and credit reserve. The management monitors the liquidity reserves of the company based on the estimated cash flow and holds sufficient cash and loan commitments to meet the short term cash outflow.

Interest rate risk In line with the principle of natural hedges through balancing the maturities of interest rate sensitive liabilities and assets, the company’s management is evaluating interest bearing assets in short term investment instruments.

Default and fraud risk The organization structure and the field of operations do not bear default or fraud risks in relation to the activities of the company staff.

Technological risk The company takes protective measures with high security standards against any attack to the Internet.

Other risks Fixed assets and liquid assets of the company are insured against any material damage. Liquid assets (cash and cheques) are inspected through monthly physical inventory. Financial controllers regularly monitor bank reconciliations. Additionally, the financial affairs department and relevant department managers perform reporting, audit and control activities on Logo j Platform Enterprise Resource Management program in order to prevent any misconduct or mistake by personnel in sales prices and profitability.

Statement of responsibility

Statement of responsibility pursuant to article 9 of the capital markets board communiqué on principles of financial reporting in capital markets (II-14.1)

Date of the board resolution approving the annual report: 10/03/2020

Resolution Number : 2020/03

2019 Annual Report prepared by our company, pursuant to Turkish Commercial Code and to Capital Markets Board's Communiqué on Principles of Financial Reporting in Capital Markets (II 14.1), and independently audited by PwC Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers Türkiye) is attached.

In pursuant to CMB regulation, the Annual report prepared by our company including the Corporate Governance Compliance Report and the Corporate Governance Information form, we declare that, we have examined the Annual Report; within the framework of information available in so far as our duties and responsibilities, it does not contain any misinterpretation of the facts on major issues, or any omission that may be construed as misleading as of the date of the disclosure; within the framework of information available in so far as our duties and responsibilities, the Annual report that is prepared in accordance with the Communiqué, fairly reflects the development and the performance of the operations, the financial condition of the Company together with its consolidated subsidiaries, and with the main risks and uncertainties.

Sincerely,

M. Cengiz ULTAŞ
Chairman of the Audit Committee

A. Afa BORAN
Member of the Audit Committee

M. Buğra KOYUNCU
Vice Chairman and Logo Group CEO

Gülner ANLAŞ
Logo Group CFO

Corporate governance

Statement of Compliance with the Principles of Corporate Governance

In the period between January 1, 2019 and December 31, 2019, Logo complied with the mandatory provisions of the Capital Markets Board (CMB) Communiqué on Corporate Governance issued in the beginning of the year 2014. At the same time the company strives to comply with the non mandatory principles to the maximum degree possible. In this respect, the company's evaluations continue for the compatibility of these principles with the country and market conditions, and the Company's structure.

As part of the Company's Corporate Governance Compliance Reporting for 2019, the Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF), which contain the most up to date information regarding the corporate governance practices at Logo are announced at the Public Disclosure Platform (KAP) and the company website www.logo.com.tr.

Corporate Governance Rating

The level of compliance of Logo with the Principles of Corporate Governance is publicly announced through Corporate Governance Compliance Statement. Saha Corporate Governance and Credit Rating A.Ş. ("Saha Rating") completed the revision study on December 17, 2019, and announced Logo's corporate governance rating score as 9.22 on a scale of 10. With the improvements and efforts in the last 10 years, rating score improved to 9.22 from 8.05 of the first rating dated December 2009.

Considerations for the rating score revision in 2019 are as follows; willingness to manage the corporate governance principles as a continuous and dynamic process, complying with the CMB's 2/49 resolution dated 10.1.2019 on Corporate Governance compliance reporting, disclosing additional information on the corporate website and in the annual report based on Corporate Governance principles.

Logo's rating score on the four main sections are presented below:

Main Areas	Weight	Score
Shareholders	25%	90.94
Public Disclosure and Transparency	25%	91.82
Stakeholders	15%	96.00
Board of Directors	35%	91.70
TOTAL	100%	92.18

The full text of the corporate governance compliance report prepared by Saha Rating is available at the company website www.logo.com.tr.

1. Board of directors

1.1 Board Structure and Composition

The Board of Directors, which consists of 6 (six) members who are elected by the General Assembly in accordance with the provisions of Turkish Commercial Code carries out the activities and administration of the company. Half of the members of the board are elected from among the candidates, who were nominated by the Class A shareholders. The board members may be elected for a maximum term of 3 (three) years and can be re-elected after their term is complete. If deemed necessary, the General Assembly may dismiss or replace the board members. The number, qualifications, election, nomination, terms of reference and duties of the independent board members are determined in accordance with the Capital Markets Regulations and the Principles of Corporate Governance. In that respect, Mr. M. Cengiz Ultav, Mr. M. Berkay Mollamustafaoğlu and Mr. A. Afa Boran were elected as the independent board members. The Chairman of the Board is elected from among the board members, who were nominated by the Class A shareholders.

Biographies of the board members and the executive team are available on the corporate website. The Chairman and CEO roles are undertaken by different persons.

In case any member of the Board of Directors is declared bankrupt, faces restriction of capacity or loses the legal conditions required for membership or qualifications set forth in the Articles of Association, his/her membership automatically terminates.

If there is a vacancy in the board for any reason, the Board of Directors temporarily elects a person, who satisfies the legal conditions for board membership and submits it to the approval in the following general assembly meeting. The members selected in such manner shall serve until the general assembly meeting and if approved, they can complete the term of their predecessors.

If an independent board member fails to satisfy any of the independence criteria during his/her term or resigns due to other reasons or when they are not able to serve on the board anymore, new independent members shall be appointed for the vacancy by the Board of Directors to meet the criteria for the minimum number of independent members in accordance with the Capital Markets Law and the Capital Markets Board's regulations.

The nominees to fill the vacancy of a board member, who was nominated by the Class A shareholders, shall be determined by the board members, who were nominated by the Class A shareholders.

Independent Board Member Mr. M. Cengiz Ultav serves as the Chairman of the Corporate Governance Committee.

All of the independent members fulfill the criteria for independence.

Board of Directors	Position	Executive / Non-executive	Term of Office
M. Tuğrul Tekbulut	Chairman of the Board	Executive	11.03.1986 /Ongoing
M. Buğra Koyuncu	Vice Chairman of the Board	Executive	03.05.2019 /Ongoing
Murat Erkurt	Board Member	Non-executive	15.07.2013 /Ongoing
M. Cengiz Ultav	Independent Member	Non-executive	28.04.2016 /Ongoing
M. Berkay Mollamustafaoğlu	Independent Member	Non-executive	03.05.2019 /Ongoing
A. Afa Boran	Independent Member	Non-executive	03.05.2019 /Ongoing

Statements of independence

I declare that I am a candidate for assuming the role of an "Independent Member" on the Board of Directors of Logo Yazılım Sanayi ve Ticaret A.Ş. (Company), within the scope of the criteria stipulated in the legislations, the Articles of Association and the Capital Markets Board's Corporate Governance Communiqué (n. II 17.1), and within this scope;

- a) Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between me, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- b) Within the last five years, I have not worked as an executive manager with important duties and responsibilities or have not been a member of the Board of Directors or held shares more than 5% particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed during the timeframe of selling/ purchasing of the products and services,
- c) I have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- d) In accordance with the legislations, I will not be working fulltime in public institutions and organizations except working as an academician at the university after being elected as a member,
- e) I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- f) I do have strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- g) I will be able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i) I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders, who control the management of the Company and in more than five of the publicly traded companies in total,
- j) I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors.

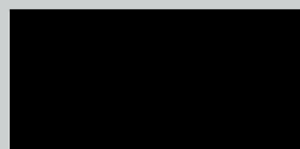
M. Cengiz ULTAV

Statements of independence

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- a)** Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between me, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- b)** Within the last five years, I have not worked as an executive manager with important duties and responsibilities or have not been a member of the Board of Directors or held shares more than 5% particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed during the timeframe of selling/ purchasing of the products and services,
- c)** I have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors, d) In accordance with the legislations, I will not be working fulltime in public institutions and organizations except working as an academician at the university after being elected as a member,
- e)** I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- f)** I do have strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- g)** I will be able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- h)** I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i)** I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders, who control the management of the Company and in more than five of the publicly traded companies in total,
- j)** I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors.

Berkay MOLLAMUSTAFAOĞLU

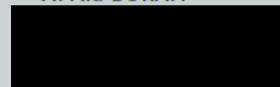


Statements of independence

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- a)** Within the last five years, no executive employment relation that would give important duties and responsibilities has been established between me, my spouse, my second degree relatives by blood or by marriage and the Company and the subsidiaries of the Company, and shareholders who control the management of the Company or who have significant influence at the Company and juridical persons controlled by these shareholders; and that I neither possess more than 5% of any and all capital or voting rights or privileged shares nor have significant commercial relations,
- b)** Within the last five years, I have not worked as an executive manager with important duties and responsibilities or have not been a member of the Board of Directors or held shares more than 5% particularly in the companies that provide auditing, rating and consulting services for the Company (including tax audit, legal audit, internal audit), and in the companies that the Company purchase products and services from or sells products and services to within the framework of the agreements signed during the timeframe of selling/ purchasing of the products and services,
- c)** I have the professional training, knowledge, and experience that will help me properly carry out the tasks and duties I will assume as a result of my independent membership in the Board of Directors,
- d)** In accordance with the legislations, I will not be working fulltime in public institutions and organizations except working as an academician at the university after being elected as a member,
- e)** I am considered a resident in Turkey according to the Income Tax Law (n.193) dated 31/12/1960,
- f)** I do have strong ethical standards, professional standing and experience that will help me positively contribute to the activities of the Company and remain neutral in conflicts of interests between the company's shareholders, and that will help me take decisions freely by taking the rights of the stakeholders into consideration,
- g)** I will be able to spare sufficient time for the business of the Company to an extent that will help me pursue the activities of the Company and fulfill the requirements of my tasks and duties,
- h)** I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,
- i)** I have not been an independent member of the Board of Directors in the Company or in more than three of the companies controlled by the shareholders, who control the management of the Company and in more than five of the publicly traded companies in total,
- j)** I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors.

A. Afa BORAN



Other duties of the members of board

The Board of Directors is authorized to manage, represent, and bind the company, as well as make the decisions on any matter except the issues, on which the General Assembly has been exclusively

1.2. Terms of reference of the board of directors

The Board of Directors meets upon the invitation by the chairman as required. During the absence of the chairman, the invitation is to be made by the deputy chairman. Any board member may invite the Board of Directors for a meeting with a written request made to the chairman. The agenda for the periodic or ad hoc board meetings is prepared by the board secretary in coordination with the chairman and the deputy chairman. The financial and legal affairs department and the executive management secretary facilitate the communication among the board members in respect of the meetings. The date and agenda of the board meetings is notified seven days in advance by registered letter, telex, fax or electronic mail. The Board of Directors meets and resolves at the headquarters of the company. If deemed necessary the chairman may invite members for a meeting in a place other than the headquarters of the company or in a place abroad.

The meeting quorum of the Board of Directors including the postponed meetings is established upon the attendance of at least 5 (five) members. Affirmative votes of at least four board members are required for the board to resolve (including the postponed meetings), save for and without detriment to the board resolutions that require affirmative votes of the independent board members as per the Capital Markets Regulations and the Principles of Corporate Governance.

authorized to resolve pursuant to the Turkish Commercial Code, the Capital Market Law, and the Articles of Association. The duties undertaken by the board members in Logo Group companies and in other companies do not cause any conflict of interest with their board membership position.

No board member has the right of veto, or a privilege or a special voting right in case of equality of the votes. Each member of the Board of Directors has one vote including the chairman and no board member has a weighted voting right.

In 2019, the Board of Directors has convened 24 times in total. In the reporting period, there was no dissenting vote, reasons for which were required to be recorded in the minutes, submitted to the independent auditors in writing or announced to the public.

Meeting minutes, which are considered as trade secrets shall not be disclosed to the public. However, the material issues that are resolved in the meeting are publicly announced through a material event disclosure statement. The material board resolutions are also disclosed on the company's website.

The board resolutions, which involve material transactions or related party transactions, require affirmative votes of the majority of the independent members pursuant to the Corporate Governance Communiqué II 17.1 of the Capital Markets Board.

The company has a directors and officers' liability insurance policy for potential losses that might occur as a result of a fault by the board members.

1.3. Number, structure and independence of board committees

The terms of reference of the board committees were prepared and the relevant units were assigned with the duty to follow up. The Audit Committee provided opinion to the Board of Directors on the appointment of the independent auditor, the audit of the financial statements and the financial situation of the company. The Corporate Governance Committee evaluated the amendments to the Articles of Association, compliance with the Principles of Corporate Governance and the investor relations activities. The Risk Committee provided opinion in the meetings of the Board of Directors.

The Audit Committee, the Corporate Governance Committee, and the Risk Committee provided a significant contribution to the company in terms of improving the corporate governance practices and ensuring that the financial statement is accurately and transparently prepared in compliance with the regulations. The Nomination Committee and the Remuneration Committee

were also established pursuant to the CMB Principles on Corporate Governance.

The committee members are elected mostly from among the non executive members and independent members of the board. Only independent members serve as the chairperson of the committees. Since there are three independent members, the same individuals have to serve on multiple committees. The procedures to be followed by the committees were specified in the terms of reference disclosed on the website of the company and Public Disclosure Platform. Both the Chairman and the member of the Audit Committee were appointed from among independent members. The chairpersons of other committees are also independent board members and their members were elected mostly from among the non executive members. Qualifications of committee members are presented to the Board of Directors section of the annual report and the company website.

Terms of reference of committees

Audit committee **M. Cengiz Ultav** Chairman
A. Afa Boran Member

Duties and operating principles Purpose

The Audit Committee was established with a Board of Directors resolution in accordance with the Capital Market Board's Communiqué II 17.1, in order to assist the Board of Directors in fulfilling its financial and operational duties. The Audit Committee supervises the execution and monitor the efficiency of the accounting system of the company, the audit and the disclosure of the financial information and the internal control system.

Authority and scope The Audit Committee;

- verifies the accuracy and transparency of financial statements, footnotes and other financial information, and their compliance with the legislation and international accounting standards, and informs the Board of Directors in writing by taking the opinion of the independent audit company.
- investigates the independence and qualifications of the independent audit firm and its employees on behalf of the Board of Directors.

- Monitors the accounting system of the company, the public disclosure of financial statements, and the effectiveness of the independent audit and internal control systems;
- Oversees the appointment of the audit firm, preparation of audit agreements, and initiation of the audit process and all activities related to the external audit process;
- Evaluates and resolves any complaint from within or outside the Company regarding accounting practices, the internal control system, or independent audit; and
- Reviews the measures taken for compliance with the legal and internal policies of the company.

The Committee shall advise the Board of Directors within its scope of responsibilities. Final decisions ultimately rest with the Board.

Committee structure

In accordance with the CMB Communiqué II 171 on Determination and Implementation of the Principles of Corporate Governance, all members of the Audit Committee shall be independent board members. The Committee members shall be determined each year at the first board meeting following the Ordinary General Assembly meeting.

Committee meetings and reporting

The Audit Committee shall convene at least every 3 months and submits the outcome of the meeting to the Board of Directors.

The Audit Committee shall produce minutes of its proceedings, which shall be signed and properly filed by the Committee members.

The Committee shall inform the Board about matters within its scope of responsibility.

Responsibilities

a) Financial Statements and Announcements

- The Audit Committee shall monitor whether financial statements and their explanatory notes are prepared in accordance with the applicable accounting standards upon receiving the opinion of the external audit firm and the responsible executives.

- The Audit Committee shall review the annual report disclosed to the public and ensure the accuracy and consistency of the information included in the report to the extent of its knowledge.
- The Audit Committee shall review the changes in the accounting policies, internal control system and the regulations, which would materially impact the financial statements of the Company and report the same to the Board of Directors.
- The Audit Committee shall review significant accounting and reporting issues as well as legal matters, and their potential impact on the financial statements.

b) Independent Audit Firm

- The Audit Committee is responsible for evaluating the external audit firm to be appointed and monitoring their activities and signing of the agreement.
 - The Appointment or replacement of the external audit firm, initiation of the audit process, and review and evaluation of the audit firm's activities shall be conducted under the monitoring of the Audit Committee.
 - The Audit Committee shall review the scope and process proposed by the audit firm and informs the Board of Directors about the matters that impede the efficiency of the same.
 - The Audit Committee shall assess the external auditor's independence.
 - The Audit Committee shall ensure that the information regarding material issues identified by the external auditor and the recommended actions obtained and discussed in a timely manner.
 - The Audit Committee shall review and approve the fees and compensation provided to the external auditor.
- ##### c) Compliance with Legal Requirements
- The Committee shall ensure that the activities of the company are conducted in accordance with the legal requirements and internal regulations, and identify procedures to be applied in case of non compliance.
 - The Audit Committee shall evaluate complaints received regarding the accounting system, internal control system and the external audit process, on a confidential basis.

Corporate governance committee

M. Cengiz Ultav Chairman
M.Tuğrul Tekbulut Member

M.Berkay Mollamustafaoğlu Member
Canan Şenkut Member

Duties and operating principles Purpose

The Corporate Governance Committee monitors whether the company follows the corporate governance principles, determines the reasons and any conflict of interest due to non compliance, offers mitigating to the Board of Directors, and supervises the Investor Relations Department.

Authority and scope

The Committee shall arrange for periodic reviews of the terms of reference and recommend changes, if needed, to the Board of Directors. The final decision ultimately rests with the Board of Directors.

The corporate governance committee;

- a)** Improves the corporate governance principles, facilitates their adaptation and implementation within the Company;
- b)** Conducts the annual corporate governance evaluation of the Board of Directors and presents a report to the approval of the board in this regard;
- c)** Oversees the activities of the Investor Relations Department; and
- d)** Makes recommendations on the functioning and effectiveness of the Board of Directors and its committees;

Nomination committee

M. Cengiz Ultav Chairman
M.Tuğrul Tekbulut Member

M.Berkay Mollamustafaoğlu Member

Nomination committee;

- a)** establishes a transparent system to identify, evaluate and train appropriate nominees to the Board of Directors and developing related policies and strategies;
- b)** arranges for periodic reviews of the structure and efficiency of the Board of Directors and

recommending changes thereto;

- c)** establishes and reviews the approach and practices for the evaluation of performance and career planning of the board members and the executive team.

Remuneration committee

M. Cengiz Ultav Chairman
M.Tuğrul Tekbulut Member

M.Berkay Mollamustafaoğlu Member

Remuneration committee;

- a)** Advises the board on the framework for remuneration of the members of the board and the executive team in line with the long term objectives of the company;
- b)** Determines compensation criteria for the board members and the executive team according to the company and the individual performance (Stock options and payment schedules based on the company's performance are not applied to the remuneration of the independent board members);
- c)** Advises the board on the compensation

packages of the members of the board and the executive team based on achievement of the relevant criteria.

Structure of the committee

- a)** The committee shall be established as per the Articles of Association of the company. The Committee shall consist of at least two members.
- b)** The chairperson of the committee shall be appointed from among the independent board members.
- c)** If the committee comprises two members, both of them if more than two members the

majority of them shall be appointed from among the nonexecutive Board members. The CEO, the general manager, and the CFO cannot be appointed to the committee.

d) The Committee may obtain a professional opinion from specialist advisors if necessary.

e) The Committee members shall be determined each year at the first board meeting following the Ordinary General Assembly meeting.

f) The committee shall convene with the presence of the majority of its members and make decisions by a majority of the votes.

Committee of early detection of risk **M.Berkay Mollamustafaoğlu** Chairman
A.Afa Boran Member

Duties and working principles

Purpose

The Risk Committee identifies the risks that might endanger the existence, development, and continuity of the company, implements the required measures and conducts risk management related studies, and reviews the risk management systems at least once a year.

Authority and scope

The Risk Committee;

a) Establishes effective internal control systems to determine, evaluate, monitor and manage significant risks and their likelihood and magnitude, which would affect the company in achieving its objectives;

b) Integrates the risk management and internal control systems to the corporate structure and monitors their effectiveness;

c) Ensures that the company's risk management and internal control systems measures and reports on the risk factors and that these risk factors are taken into account by decision making mechanisms,

d) Reviews its terms of references periodically and, if necessary, advises the board on required changes, if necessary. The ultimate responsibility with respect to the final decision rests with the board

g) The board secretary serves also as the secretary of the Remuneration Committee.

Reporting responsibility

a) The Remuneration Committee shall convene as it is required to perform its duties.

b) The committee decisions shall be reported to the Board of Directors.

c) The Board secretary is responsible for taking the minutes and filing the proceedings and resolutions of the meetings.

Committee structure

a) The committee is established in accordance with the Articles of Association of the company.

b) The committee consists of at least two members. The chairman of the Committee is elected from among independent directors. The CEO / General Manager cannot become a member of the Committee.

c) The committee may receive opinion from independent specialists on matters that they find necessary.

d) The committee members shall be determined each year at the first board meeting following the ordinary general assembly meeting.

e) The committee shall convene with the attendance of one plus half of its members and take decisions by the majority of the votes.

f) The secretary of the Board of Directors serves also as the secretary of the Risk Committee.

Committee meetings and reporting

a) The Risk Committee meets at least once every three months and presents the outcome of the meeting to the Board of Directors.

b) The committee ensures that the Board of Directors is informed about the issues, which are within the scope of the committee's authority and responsibility.

c) The board secretary is responsible for taking the minutes and filing the proceedings and resolutions of the committee.

The number of committee meetings held in 2019 is presented below:

Audit Committee: 5

Corporate Governance Committee: 4

Nomination Committee: 1

Remuneration Committee: 1

Committee of early detection of risk: 5

1.4 Attendance to board meetings

Board Member	Position	Number of Meetings	Attendance
M. Tuğrul Tekbulut	Chairman of the Board	17	17
M. Buğra Koyuncu	Vice Chairman of the Board	17	17
Murat Erkurt	Board member	17	8
M. Cengiz Ultav	Independent Board Member	17	17
M. Berkay Mollamustafaoğlu	Independent Board Member	17	16
A. Afa Boran	Independent Board Member	17	17

* Meeting information of the Board appointed at the General Assembly dated 3 May 2019.

1.5 Remuneration of board members and executive team

Any rights, benefits, and remuneration provided to the board members and the executive team as well as the criteria used, and the Remuneration Policy are announced on the company website. The Remuneration Policy applicable to the board members and the executive team, which was prepared in accordance with the Principles of Corporate Governances, was presented to the shareholders in the General Assembly meeting dated May 3, 2019, pursuant to the Capital Markets Board's regulations. The information was provided

with respect to the board members and the executive team. Only the independent members of the board receive a gross fee of 8,000 TL per month and the other board members do not receive any financial benefit for their service on the board. The company did not grant any warranty, debt or loan to any board member or executive. In 2019, total payment made to the senior executives equals to 25,348,413 TL. All the benefits provided to the senior management are short term benefits.

2. Risk management and internal control mechanism

The purpose of risk management and internal control mechanism is to identify all existing and potential risks faced by the company, development of actions to minimize those risks and monitoring of the implementation.

The company has established internal control systems. In 2019, the effectiveness of the risk management and internal controls was monitored under the supervision of the Risk Committee. Risk management and internal control systems are

effectively managed in identifying and managing the risks that the company faces. The risks that the Company is exposed to are analyzed in two categories as operational and financial risks.

The company's accounting system, public disclosure of the financial information, operations and effectiveness of the independent audit and internal control systems are supervised by the Audit Committee, which consists of two members, who are also members of the Board of Directors.

3. Legal disclosures

3.1 Information on privileged shares:

The company's capital is categorized in two groups as Group A and Group B shares. In accordance with the Articles of Association, Group A shareholders are entitled to nominate half of the members

of the board. The chairperson of the board is also elected from among the board members nominated by Group A shareholders.

3.2 Information on legal actions against the Company, which would have an impact on the company's financial status or operations and their potential impact:

No legal action had been taken against the Company in 2019, which has the potential to affect

the Company's financial status and operations.

3.3 Regulatory changes that may affect the operations of the company:

There was no regulatory change that may affect the operations of the company.

4. Dividend distribution

The Articles of Association does not include any privilege in terms of participating in the company's profits. The Board of Directors annually reviews the dividend distribution policy. A balanced and consistent policy with respect to the interests of the investors and the company is applied for dividend distribution as per the Principles of Corporate Governance. The dividend distribution policy is prepared by the Board of Directors, taking into consideration the general economic conditions, long term investment, financing business plans as well as the profitability of the company. Up to 55% of the distributable net profit for the period calculated in accordance with Turkish Commercial Code and CMB regulations and the Articles of Association shall be distributed to the shareholders. Dividend distribution shall be made in cash or as capital increase by bonus issue or partly in cash and partly as capital increase by bonus issue. If the amount of the dividends is less than 5% of the paid in capital, the corresponding amount in question shall be retained in the company.

On April 4, 2019, the Board of Directors resolved to propose to the General Assembly not to distribute dividends from the main shareholders' net profit of 67,271,751 TL, which were calculated in the financial statements for the reporting period between 01.01.2018 and 31.12.2018, by deducting the "tax expenses" and the "primary reserve" from the profits and then adding up the amount for "donations". The financial statements were prepared pursuant to the International Financial Reporting Standards pursuant to the CMB Communiqué II 14.1 and audited by PwC Independent Audit Accounting and Financial Advisory Firm. Due to market projections, long term company strategy, investment and financial policies, the board proposed to the shareholders at the General Assembly Meeting not to distribute any dividend and retain the profits within the company.

Corporate governance information form

1. Shareholders	
1.1. Facilitating the exercise of shareholders rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	4 conferences and 108 meetings
1.2. Right to obtain and examine information	
The number of special audit request(s)	None
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a d)	https://www.kap.org.tr/tr/Bildirim/752995
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes, provided
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II 17.1)	There is no such transaction
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II 17.1)	There is no such transaction
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations Corporate Governance Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/761121
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Shareholders and employees
1.4. Voting rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	
The percentage of ownership of the largest shareholder	33,63%
1.5. Minority rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Not enlarged
If yes, specify the relevant provision of the articles of association	
1.6. Dividend right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations Corporate Governance Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Not to distribute dividend and keep the profit within the company as per our dividend policy approved at the General Assembly dated 28 April 2016, market expectations, long-term corporate strategy, investment and financing policies.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/761121

General assembly meetings

General Meeting Date : 3 May 2019	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them: Received no questions
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting: 0	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions: item 16
Shareholder participation rate to the General Shareholders' Meeting: 81.14%	The number of declarations by insiders received by the board of directors: 0
Percentage of shares directly present at the GSM: 0.0008%	The link to the related PDP general shareholder meeting notification: https://www.kap.org.tr/tr/Bildirim/752995
Percentage of shares represented by proxy: 81.14%	
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against: General Assembly Notifications	

2. Disclosure and transparency	
2.1. Corporate website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations Corporate Governance
List of languages for which the website is available	Turkish and English
2.2. Annual report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Overview and Corporate Governance
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Corporate Governance
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Additional information on operations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such conflict of interest
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such subsidiary
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Logo Group Transparent and sustainable approach and accountable towards public and environment & Employee experience focused approach

3. Stakeholders	
3.1. Corporation's policy on stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations Corporate Governance Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	4
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Logo Group Chief People&Organisational Development Officer
The contact detail of the company alert mechanism.	etikhat.com.tr / 444 3845
3.2. Supporting the participation of the stakeholders in the corporation's management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Investor Relations Corporate Governance Policy
Corporate bodies where employees are actually represented	None
3.3. Human resources policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Actively involved
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Investor Relations Corporate Governance Policy
Whether the company provides an employee stock ownership programme	Not provided
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations Corporate Governance Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical rules and social responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations Corporate Governance Policy
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability Sustainability Report
Any measures combating any kind of corruption including embezzlement and bribery	Code of Ethics

4. Board of directors-I	
4.2. Activity of the board of directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	
Whether all board members released from their duties at the GSM	All Board Members were released
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Chairman of the Board M. Tuğrul Tekbulut and Deputy Chairman of the Board M. Buğra Koyuncu are authorized to represent the company with joint signature.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance
Name of the Chairman M. Tuğrul Tekbulut	M. Tuğrul Tekbulut
Name of the CEO	M. Buğra Koyuncu
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Chairman and CEO functions are not combined.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is an insurance policy. There is no PDP disclosure.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations Corporate Governance Policy
The number and ratio of female directors within the Board of Directors	0

Composition of board of directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
M. Tuğrul Tekbulut	Executive	Not independent	11 March 1986				no
M. Buğra Koyuncu	Executive	Not independent	3 May 2019				no
Murat Erkurt	Non Executive	Not independent	15 July 2013				yes
M. Cengiz Ultav	Non Executive	Independent	28 April 2016	https://www.kap.org.tr/tr/Bildirim/752995	Considered	not	no
M. Berkay Mollamustafaoğlu	Non Executive	Independent	3 May 2019	https://www.kap.org.tr/tr/Bildirim/752995	Considered	not	no
A. Afa Boran	Non Executive	Independent	3 May 2019	https://www.kap.org.tr/tr/Bildirim/752995	Considered	not	yes

4. Board of directors-II	
4.4. Meeting procedures of the board of directors	
Number of physical board meetings in the reporting period	24
(meetings in person)	93%
Whether the board uses an electronic portal to support its work or not	Yes, an electronic portal is used
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7 days
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations Corporate Governance Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None
4.5. Board committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Corporate Governance
Link(s) to the PDP announcement(s) with the board committee charters	Committee charters can be found on corporate website's Investor relations Corporate Governance Working Principles of the Committee section. Corporate Governance Committee's working principles PDP announcement: https://www.kap.org.tr/tr/Bildirim/291245 .

Composition of board committees-I

Names Of The Board Committees	Name Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	M. Cengiz Ultav	Yes	Independent Board Member
Audit Committee	A. Afa Boran	No	Independent Board Member
Corporate Governance Committee	M. Cengiz Ultav	Yes	Independent Board Member
Corporate Governance Committee	M. Tuğrul Tekbulut	No	Board Member
Corporate Governance Committee	M. Berkay Mollamustafaoğlu	No	Independent Board Member
Corporate Governance Committee	Canan Şenkut	No	Not a Board Member
Nomination Committee	M. Cengiz Ultav	Yes	Independent Board Member
Nomination Committee	M. Tuğrul Tekbulut	No	Board Member
Nomination Committee	M. Berkay Mollamustafaoğlu	No	Independent Board Member
Committee of Early Detection of Risk	M. Berkay Mollamustafaoğlu	Yes	Independent Board Member
Committee of Early Detection of Risk	A. Afa Boran	No	Independent Board Member
Remuneration Committee	M. Cengiz Ultav	Yes	Independent Board Member
Remuneration Committee	M. Tuğrul Tekbulut	No	Board Member
Remuneration Committee	M. Berkay Mollamustafaoğlu	No	Independent Board Member

4. Board of directors-III	
4.5. Board committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance
4.6. Financial rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Additional information on operations
Specify the section of website where remuneration policy for executive and non executive directors are presented.	Investor Relations Corporate Governance Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report Corporate Governance

Composition of board committees-II

Names of the board committees	The percentage of non executive directors	The percentage of independent directors in the committee	The number of meetings held in person	The number of reports on its activities submitted to the board
Audit committee	100%	100%	5	1
Corporate governance committee	67%	67%	4	1
Nomination committee	67%	67%	1	1
Committee of early detection of risk	100%	100%	5	1
Remuneration committee	67%	67%	1	1

Corporate governance compliance report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. Facilitating the exercise of shareholder rights						
1.1.2 Up to date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. Right to obtain and review information						
1.2.1 Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. General assembly						
1.3.2 The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				Item included total amounts.
1.3.11 The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. Voting rights						
1.4.1 There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 The company does not have shares that carry privileged voting rights.	X					
1.4.3 The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross ownership, in case such cross ownership provides management control.					X	
1.5. Minority rights						
1.5.1 The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There is no such item in Articles of Association.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.6. Dividend right						
1.6.1 The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. Transfer of shares						
1.7.1 There are no restrictions preventing shares from being transferred.	X					
2.1. Corporate website						
2.1.1. The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. Annual report						
2.2.1 The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. Corporation's policy on stakeholders						
3.1.1 The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.2. Supporting the participation of the stakeholders in the corporation's management						
3.2.1 The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. Human resources policy						
3.3.1 The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 Recruitment criteria are documented.	X					
3.3.3 The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 The company ensures freedom of association and supports the right for collective bargaining.					X	Our company does not have collective bargaining. Our company respects the freedom of association and the right of collective bargaining.
3.3.9 A safe working environment for employees is maintained.	X					
3.4. Relations with customers and suppliers						
3.4.1 The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 Customers are notified of any delays in handling their requests.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4.3 The company complied with the quality standards with respect to its products and services.	X					
3.4.4 The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. Ethical rules and social responsibility						
3.5.1 The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. Role of the board of directors						
4.1.1 The board of directors has ensured strategy and risks do not threaten the long term interests of the company, and that effective risk management is in place.	X					
4.1.2 The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. Activities of the board of directors						
4.2.1 The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. Structure of the board of directors						
4.3.9 The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				There is a policy in place. The Board appointed at the General Assembly dated 3 May 2019 does not have women directors.
4.3.10 At least one member of the audit committee has 5 years of	X					
4.4. Board meeting procedures						
4.4.1 Each board member attended the majority of the board meetings in person.	X					
4.4.2 The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 Each member of the board has one vote.	X					
4.4.5 The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			There are no limits. Shareholders were not informed of Board members' external commitments at the General Shareholder's Meeting.
4.5. BOARD COMMITTEES						
4.5.5 Board members serve in only one of the Board's committees.			X			Board members serve in more than one committee because there are only six Board members.
4.5.6 Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Committees did not use external independent consultancy services.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.8 Minutes of all committee meetings are kept and reported to board members.	X					
4.6. Financial rights						
4.6.1 The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There is no board performance evaluation system.
4.6.4 The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 The individual remuneration of board members and executives is disclosed in the annual report.			X			Only Independent Board Members are remunerated and the amounts are disclosed in the annual report. Total amounts were disclosed for executives.

Additional information on our operations

Other information that should be included in the annual report as per the guidelines established by The Ministry of Customs and Trade are as follows:

Private and public inspections conducted within the reporting period The Company was not subject to any private or public inspections in 2019.

Administrative or law enforcement imposed on the Company or members of the management body due to practices contrary to provisions of the legislation There was no administrative or law enforcement imposed on the company or members of the management organ due to practices violating the provisions of the legislation within the accounting period.

Whether the targets specified in the past periods were achieved or not, the resolutions of the Shareholders' Assembly were accomplished or not, and if the resolutions were not accomplished; the reasons Company's full year 2019 targets were surpassed. General assembly resolutions that were made in 2019 were fulfilled.

If the company is part of a corporate group; legal transactions performed with the parent company, a subsidiary of the parent company, on behalf of the parent company or a subsidiary of the parent company with the instruction of the parent company and any other measures taken or avoided taking on behalf of the parent company or a subsidiary of the parent company The details of the relevant legal transactions are

specified in the Annual Dependency Report to be submitted to the General Shareholders' Meeting. There were no such measures taken or refrained from within the reporting period of year 2019 in favor of the controlling shareholder.

If the company is part of a corporate group; according to the terms and conditions known to them at the time a legal transaction mentioned in clause was performed or a measure was taken or avoided taking, whether in every legal transaction an appropriate substituted performance was provided or not and whether the measure taken or avoided taking caused any damage to the company or not; if the company experienced any damage whether this was compensated or not According to the terms and conditions known by Board of Directors at the time of the legal transaction, on every legal transaction the Company provided an appropriate substituted performance. There were no measures taken or avoided taking in a manner causing any damage to the Company in 2019.

Information on legal actions against the Company, which would have an impact on the company's financial status or operations and their potential impact No legal action had been taken against the Company in 2019, which has the potential to affect the Company's financial status and operations.

Dividend distribution policy

There are no privileges in the Articles of Association of Logo regarding participation in the profit of the company.

The Board of Directors annually reviews the dividend distribution policy. A balanced and consistent policy with respect to the interests of the investors and the company is applied for dividend distribution as per the Principles of Corporate Governance. The dividend distribution policy is prepared by the board of directors, taking into consideration the general economic conditions, long term investment, financing business plans as well as the profitability of the company. Up to 55% of the distributable net profit for the period calculated in accordance with Turkish Commercial Code and CMB regulations and the Articles of Association of our company shall be distributed to our shareholders. Dividend distribution shall be made in cash or as capital increase by bonus issue or partly in cash and partly as capital increase by bonus issue. If the amount of the dividends is less than 5% of the paid in capital, the corresponding amount in question shall be retained in the company.

According to the Articles of Association, dividend in advance can be distributed to the shareholders, if the General Assembly has authorized the Board of Directors up to a period of one year, in accordance with the Capital Market Regulations and the Turkish Commercial Code.

The distribution shall start by 30th day following the day of general assembly resolution was taken and no later than the end of the reporting period in which the related general assembly resolution was made. The general assembly may resolve or authorize the board of directors to resolve that the dividend shall be paid in installments in line with the Capital Market regulations.

On April 4, 2019, the board of directors resolved to propose to the General Assembly not to distribute dividends from the main shareholders' net profit of 67,703,377 TL calculated in our Audited Consolidated Financial Statements for the reporting period between 01.01.2018 31.12.2018, issued pursuant to the International Accounting Standards and International Financial Reporting Standards, and presented in line with the principles set forth in the relevant resolutions of CMB. The board resolved to propose to the General Assembly not to distribute dividends and to retain the profit within the company due to our dividend policy, market projections, long term company strategy, investment and financial policies.



Logo Yazılım Sanayi ve Ticaret A.Ş.

**Convenience Translation into English of Consolidated Financial
Statements as of 31 December 2019 with Independent Auditor's Report
(Originally Issued in Turkish)**

Independent auditor's report

To the General Assembly of Logo Yazılım Sanayi ve Ticaret A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Logo Yazılım Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing

issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

Revenue recognition

Revenue is the most significant measurement criterion for evaluating the results of strategies implemented throughout the year and performance follow up.

The revenue of the Group mainly consists of standard software licence sales, Logo Enterprise Membership ("LEM") sales, SaaS subscription revenues, software development revenues and package upgrade revenues.

We focused on this area due to the following reasons:

- It has important impact on more than one account on the consolidated financial statement of the Group as at 31 December 2019,
- Application of accounting standards for recognition of revenue are complex,
- Different types of revenue are recognised and they include management's estimations and assumptions.

Accounting policies of the Group and the amount of revenue are disclosed in Note 2.5 and 21, respectively.

How our audit addressed the key audit matter

The following procedures were performed to audit of the revenue:

Our audit procedures consist of understanding the internal controls and business processes on revenue recognition, including reporting on performance evaluation and controls performed by the management, analytical reviews and substantive tests. We designed our audit procedures based on each revenue types.

To verify software licence and version upgrade revenues, accounting records and underlying documents were substantively tested. In addition, activation status of software licences was tested on a sample basis and we checked whether the product keys were delivered to the customers or not.

LEM revenue is recognised over the duration of the contract term. LEM revenue and deferred revenue concerning LEM sales were tested by sampling method.

SaaS subscription revenue consists of sales recorded and reflected to customers on a monthly basis. The accuracy of invoices issued to customers and records were tested using substantive testing procedures.

The completion rate of projects was considered in recognition of special software development and project revenues. Our audit procedures on these type of revenues included reviewing agreements, testing completion rates and comparing the budgets and realized costs of the ongoing projects.

We evaluated the adequacy of disclosures explained in Note 21 for requirements of TFRS 15, "Revenue from Contract with Customers".

As a result of our work, we had no material findings related to the revenue.

Key audit matters

Impairment test of goodwill

The carrying value of goodwill accounted for under intangible assets amounted to TRY146.362.128 in the consolidated financial statements as of 31 December 2019.

In accordance with TAS, goodwill should be tested for impairment annually.

We focused on this area due to the following reasons:

- Carrying values of the goodwill recognised in the consolidated financial statements as at 31 December 2019 is material, and valuation model were performed by an independent valuation firm,
- Significant judgements and estimates were used in the impairment tests (growth rate and weighted average cost of capital etc.) performed by the management,
- The outcome of some estimates is sensitive to changes in the market conditions and economical developments,

Please refer to Note 15 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.

How our audit addressed the key audit matter

We performed the following procedures in relation to the impairment tests of goodwill:

Discussed with management about their future plans and explanations based on the macroeconomical information.

We inquired with independent valuation firm to understand the setup of the discounted cash flow models and underlying assumptions used and mathematical accuracy of the model was tested.

Through involvement of our internal valuation specialists, we assessed the reasonableness of key assumptions (growth rates and weighted average cost of capital rates etc.) used in the goodwill impairment test and in light of our sectoral knowledge, we determined that the rates used are within the acceptable range.

We evaluated the realizability of the future cash flow and investment projections used in the goodwill impairment test in the meetings held with top management.

We evaluated whether the consolidated cash flow estimations prepared are reasonable when compared with past financial performance results.

We checked whether the significant assumptions and sensivity analysis are disclosed appropriately in the accompanying consolidated financial statements as of 31 December 2019 or not.

We had no material findings related to the impairment tests of goodwill as a result of these procedures.

Key audit matters

Test of internally generated intangible assets - Development costs

TRY61.908.759 of development costs are capitalised in the consolidated financial statements of the Group as at 31 December 2019. The Group applies policies described on TAS 38, "Intangible Assets", and Note 2.5 in the capitalisation of development costs.

Projects for which feasibility works have been completed and which are expected to generate cash flow in the future, the Group capitalises the costs of employees working on software development activities and the costs of consultancy received for these activities. Capitalisation is done by calculating the rates based on the management and project manager's estimations and assumptions and the total work time of personnel for development activities.

We defined this area as a key audit matter due the calculations of the capitalisation schedules are material on financial statements and include the management's estimations.

How our audit addressed the key audit matter

We performed the following procedures in relation to the test of development costs:

We discussed with management to understand how they meet the requirements in TAS 38, "Intangible Assets". We discussed the details of the feasibility studies and future economical benefits of ongoing projects with the project managers.

We checked the the project based capitalised cost details with the movement table of intangible assets.

To test capitalised personnel cost on the projects, we obtained project based breakdown of personnel costs to verify capitalised personnel costs with payrolls and time sheets.

We interviewed with personnel whose salaries are subject to capitalisation on a sample basis, and we understood the development activities and their roles on the projects.

We understood the nature of the outsourced consultancy expenses and applied substantive testing procedures to test their accuracy.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in

accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We

also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

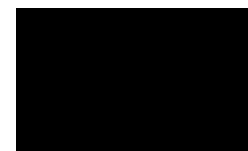
B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 19 February 2020.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.



Mert Tüten, SMMM
Partner

İstanbul, 19 February 2020

Logo Yazılım Sanayi ve Ticaret A.Ş.

Convenience translation into english of consolidated financial statements as of 31 december 2019 with independent auditor's report

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Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of financial position at 31 December 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2019	Audited 31 December 2018
ASSETS			
Current assets		375.900.470	227.507.326
Cash and cash equivalents	5	152.183.722	80.919.777
Trade receivables		211.156.878	137.887.595
- Trade receivables from third parties	9	211.156.878	136.480.630
- Trade receivables from related parties	29	-	1.406.965
Other receivables		1.095.167	1.583.029
- Other receivables from third parties	10	909.141	1.415.737
- Other receivables from related parties	29	186.026	167.292
Inventories	11	538.114	787.560
Prepaid expenses	18	6.496.405	2.048.483
Other current assets	10	4.430.184	4.280.882
Non-current assets		399.831.802	335.650.875
Other receivables		3.192.800	160.612
- Other receivables from related parties	29	3.192.800	-
- Other receivables from third parties	10	-	160.612
Financial investments	6	12.730.813	7.323.214
Investments accounted for using the equity method	7	-	-
Right of use assets	14	14.391.618	-
Property, plant and equipment	12	20.049.599	20.708.350
Intangible assets		342.178.523	301.095.882
- Goodwill	15	146.362.128	136.752.195
- Other intangible assets	13	195.816.395	164.343.687
Prepaid expenses	18	1.307.947	2.902.501
Deferred tax assets	27	5.160.460	3.172.018
Other non-current assets		820.042	288.298
Total assets		775.732.272	563.158.201

These consolidated financial statements have been approved by Board of Directors on 19 February 2020 and signed on its behalf by Buğra Koyuncu, Logo Group Chief Executive Officer and Gülnur Anlaş, Logo Group Head of Finance Chief Financial Officer.

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statement of financial position at 31 December 2019

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Audited 31 December 2019	Audited 31 December 2018
LIABILITIES			
Short-term liabilities		242.046.963	131.938.977
Short-term borrowings	8	21.309.333	1.925.997
Short-term portion of long-term borrowings	8	10.924.218	741.292
Trade payables		46.713.633	25.500.164
- Trade payables to third parties	9	46.713.633	25.500.164
Employee benefit payables	17	11.838.284	10.842.883
Other payables		17.960.544	10.795.713
- Other payables to third parties	10	17.960.544	10.795.713
Contract Liabilities	18	99.935.854	62.213.298
Short-term provisions		28.145.390	17.515.106
- Provisions for employee benefits	17	28.145.390	17.515.106
Current income tax liabilities	27	4.977.704	1.959.386
Other current liabilities		242.003	445.138
Long-term liabilities		139.084.303	112.645.661
Long-term borrowings	8	103.979.589	96.808.339
Other payables		18.773.309	1.633.361
- Due to third parties	10	18.773.309	1.633.361
Long-term provisions		13.595.065	11.332.729
- Provisions for employee benefits	17	13.595.065	11.332.729
Deferred tax liabilities	27	2.736.340	2.871.232
EQUITY			
Equity attributable to equity holders of the parent		368.962.947	294.204.187
Paid-in share capital	19	25.000.000	25.000.000
Adjustment to share capital	19	2.991.336	2.991.336
Restricted reserves	19	7.196.456	7.196.456
Put option revaluation fund related with non-controlling interests	4	(18.158.065)	(1.018.118)
Treasury shares (-)	19	(10.054.033)	(10.054.033)
Reserves for treasury shares	19	10.054.033	10.054.033
Changes in the fair value of equity investments	6	586.613	-
Other comprehensive income and expense that will not be reclassified to profit or loss		(4.676.659)	(3.796.067)
- Actuarial loss on employment termination benefits		(4.676.659)	(3.796.067)
Other comprehensive income and expense that will be reclassified to profit or loss		41.264.159	35.382.226
- Currency translation differences		41.264.159	35.382.226
Retained earnings		228.448.354	160.744.977
Net income for the year		86.310.753	67.703.377
Non-controlling interests		25.638.059	24.369.376
Total equity		394.601.006	318.573.563
Total liabilities		775.732.272	563.158.201

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statements of profit or loss
For the years ended 31 December 2019 and 2018

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

PROFIT OR LOSS	Notes	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
Sales	21	422.133.386	321.092.099
Cost of sales (-)	21	(75.030.599)	(63.953.940)
Gross profit		347.102.787	257.138.159
General administrative expenses (-)	22	(69.559.623)	(45.718.868)
Marketing expenses (-)	22	(83.760.534)	(59.893.171)
Research and development expenses (-)	22	(101.520.557)	(83.306.746)
Other operating income	23	6.025.298	6.712.761
Other operating expenses (-)	23	(5.741.624)	(10.641.853)
Operating profit		92.545.747	64.290.282
Income from investing activities	24	5.447.222	6.243.889
Share of losses of investments accounted for by the equity method	7	-	(3.487.916)
Operating profit before financial income/(expenses)		97.992.969	67.046.255
Financial income	25	6.446.006	12.606.492
Financial expenses (-)	26	(12.931.385)	(11.239.814)
Income before taxes		91.507.590	68.412.933
Taxation on income/(expenses)			
Current income tax expense	27	(7.461.566)	(4.542.359)
Deferred tax income	27	2.239.100	3.234.280
Net income for the period		86.285.124	67.104.854
Net income attributable to:			
Non-controlling interests		(25.629)	(598.523)
Equity holders of the parent		86.310.753	67.703.377
		86.285.124	67.104.854
Earnings per share	28	34,52	27,08

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statements of other comprehensive income for the years ended 31 December 2019 and 2018

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

OTHER COMPREHENSIVE INCOME	Notes	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
Net income for the period		86.285.124	67.104.854
Other comprehensive income and expense that will be reclassified to profit or loss		7.176.245	29.488.997
Currency translation differences		7.176.245	29.488.997
Other comprehensive income and expense that will not be reclassified to profit or loss		(293.979)	(1.126.555)
Actuarial loss on employment termination benefits	17	(978.664)	(1.250.713)
Changes in the fair value of equity investments		586.613	-
Tax effect	27	98.072	124.158
Other comprehensive income		6.882.266	28.362.442
Total comprehensive income		93.167.390	95.467.296
Other comprehensive income attributable to:			
Non-controlling interest		1.268.683	6.246.420
Equity holders of the parent		91.898.707	89.220.876
		93.167.390	95.467.296

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statements of changes in equity

For the years ended 31 December 2019 and 2018

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Paid-in share capital	Adjustment to share capital	Treasury shares	Reserves for treasury shares	Restricted share	Employment termination benefits	Actual loss on	Changes in the fair value of equity	Currency translation differences(**)	Retained earnings	Net income for the year	Put option 1 revaluation fund related with non-controlling interests(***)	Equity attributable to equity holders of the parent	Non controlling interests	Total equity
Balances at 1 January 2018	25.000.000	2.991.336	(4.632.563)	4.632.563	7.196.456	(2.669.512)	-	-	12.738.172	112.423.275	50.828.565	-	208.508.292	767.175	209.275.467
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(1.018.118)	1.129.314	18.122.956	19.252.270
Share purchases	-	-	(5.421.470)	5.421.470	-	-	-	-	-	2.147.432	-	-	(5.421.470)	-	(5.421.470)
Transactions with non-controlling interests (****)	-	-	-	-	-	-	-	-	-	767.175	-	-	767.175	(767.175)	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	67.703.377	-	67.703.377	(598.523)	67.104.854
Other comprehensive income	-	-	-	-	-	(1.126.555)	-	-	22.644.054	-	-	-	21.517.499	6.844.943	28.362.442
Balances at 31 December 2018	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(3.796.067)	-	-	35.382.226	160.744.977	67.703.377	(1.018.118)	294.204.187	24.369.376	318.573.563
Balances at 1 January 2019	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(3.796.067)	-	-	35.382.226	160.744.977	67.703.377	(1.018.118)	294.204.187	24.369.376	318.573.563
Transfers to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(17.139.947)	(17.139.947)	-	(17.139.947)
Profit for the year	-	-	-	-	-	-	-	-	-	-	86.310.753	-	86.310.753	(25.629)	86.285.124
Other comprehensive income	-	-	-	-	-	(880.592)	-	586.613	5.881.933	-	-	-	5.587.954	1.294.312	6.882.266
Balances at 31 December 2019	25.000.000	2.991.336	(10.054.033)	10.054.033	7.196.456	(4.676.659)	-	586.613	41.264.159	228.448.354	86.310.753	(18.158.065)	368.962.947	25.638.859	394.601.006

(*) Other comprehensive income and expense that will not be reclassified to profit or loss

(**) Other comprehensive income and expense that will be reclassified to profit or loss

(***) Note 4.

(****) Note 2.1.3.

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish

Logo Yazılım Sanayi ve Ticaret A.Ş.

Consolidated statements of cash flows

For the years ended 31 December 2019 and 2018

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
A. Cash generated from operating activities		136.035.193	101.171.199
Profit for the period		86.285.124	67.104.854
Adjustments to reconcile profit for the year		101.587.980	64.298.719
Adjustments for depreciation and amortization expenses	12, 13,14	50.002.342	33.035.038
Adjustments for provision/(reversals) for employment termination benefits	17	12.868.241	6.659.672
Adjustments for interest expense	26	5.416.564	3.147.539
Adjustments for interest income	25	(1.767.852)	(3.274.770)
Adjustments for undistributed profits of joint ventures	7	-	3.487.916
Adjustments related to the gains of the disposal of the business partnership	24	-	(6.068.703)
Adjustments for provision/(reversal) for doubtful receivables	9	(3.357.704)	(1.143.590)
Other adjustments to reconcile the profit or loss		33.203.923	27.147.538
Adjustments for tax expense	27	5.222.466	1.308.079
Changes in net working capital		(46.233.170)	(26.143.795)
Decrease (Increase) in inventories		249.446	(183.260)
Increase in trade receivables		(71.455.369)	(36.933.425)
Increase in trade payables		23.054.387	6.645.911
Increase in other operating payables		9.838.024	5.131.040
Increase in other operating assets		(7.919.658)	(804.061)
Net cash generated from operating activities		141.639.934	105.259.778
Taxes paid		(4.443.248)	(3.114.585)
Employment termination benefits paid	17	(1.161.493)	(973.994)
Purchase of property and equipment and intangible assets	12, 13,14	(67.214.921)	(53.297.727)
Cash inflows due to share sale or capital reduction of joint ventures	24	-	6.500.000
Cash outflows for the acquisition of debt instruments or shares of other entities or funds	6	(5.407.599)	(5.742.561)
Proceeds from sale of property and equipment and intangible assets		29.170	815.096
Contribution of increase of share capital in joint ventures	7	-	(1.350.000)
Cash inflows from other financial instruments		5.447.222	175.186
Interests received		1.767.852	3.036.571
B. Cash flows from investing activities		(65.378.276)	(49.863.435)
Repayments of borrowings	32	(795.117)	(31.262.443)
Proceeds from borrowings	32	11.459.560	16.141.895
Interests paid		(5.416.564)	(3.147.539)
Cash outflows from the acquisition of the company's own shares	19	-	(5.421.470)
Lease payments	32	(5.353.812)	-
C. Cash flows from financing activities		(105.933)	(23.689.557)
Net increase in cash and cash equivalent before the effects of currency translation differences (A+B+C)		70.550.984	27.618.207
D. Effects of currency translation differences on cash and cash equivalents.		712.961	1.667.956
E. Cash and cash equivalents at the beginning of the period	5	80.919.777	51.633.614
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	152.183.722	80.919.777

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND NATURE OPERATIONS

Logo Yazılım Sanayi ve Ticaret Anonim Şirketi ("Logo Yazılım" or the "Company"), was established in 1986 and became a corporation on 30 September 1999. The Company is domiciled in Turkey and operates under the Turkish Commercial Code.

The main activity of the Company is production, development, processing and multiplication of operating systems, application software, databases, software increasing productivity, multimedia software products and all types of similar software processed inside all types of computer hardware and distribution of these at all physical and electronic environment and to carry out all the services such as technical support, training and technical service activities.

As of 31 December 2019, average number of the personnel of the Group is 1,157 (31 December 2018: 1,066).

The address of the registered office is as follows:

Şahabettin Bilgisu Caddesi, No:609
Gebze Organize Sanayi Bölgesi
Gebze, Kocaeli

As of 31 December 2019, main shareholders and ultimate controlling party of Logo Yazılım is Logo Teknoloji ve Yatırım A.Ş.. Shareholding structure of the Company is disclosed on Note 19.

The nature of businesses of subsidiaries and joint ventures of Logo Yazılım (together referred to as the "Group") are as follows;

Subsidiary	Country of incorporation	Nature of business
Total Soft S.A. ("Total Soft")	Romania	Development and marketing of software
Logo Elektronik Ticaret Hizmetleri A.Ş. ("e-Logo")	Turkey	Development and marketing of software
Logo Financial Solutions GmbH ("Logo GmbH")	Germany	Development and marketing of software
Logo Business Solutions FZ-LLC ("Logo FFC-LLC")	United Arab Emirates	Marketing of software
Logo Kobi Dijital Hizmetler A.Ş. ("Logo Kobi")	Turkey	Development and marketing of software
Architected Business Solutions SRL ("ABS") (*)	Romania	Development and marketing of software
ABS Financial Services SRL ("ABS FS") (*)	Romania	Development and marketing of software
Joint Venture	Country of incorporation	Nature of business
Logo Infosoft Business Technology Private Limited ("Logo Infosoft")	India	Development and marketing of software

(*) Note 4.

NOTE 1 - ORGANIZATION AND NATURE OPERATIONS (Continued)

Upon share transfer agreement signed on 2 September 2016, The Company has purchased 100% of Romania based software company Total Soft's shares. On 19 July 2018 Total Soft has purchased 100% of ABS and ABS FS shares. ABS provides retail consultancy, technology and outsourcing services and ABS FS provides financial services. (Note 4).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in compliance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the "Communiqué") announced by the CMB on 13 June 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards and related supplements and interpretations ("TAS/IFRS"). TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Consolidated financial statements have been prepared under the historical cost convention except for the financial assets presented at fair values and revaluations related to the differences between carrying value and fair value of tangible and intangible assets arising from business combinations.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1 Basis of presentation (Continued)

2.1.2 Financial statements of subsidiaries operating in foreign countries

Financial statements of subsidiaries, operating in countries other than Turkey, are adjusted to TAS/IFRS for the purpose of fair presentation. Subsidiaries' assets and liabilities are translated into Turkish Lira from the foreign exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet dates are included in the "currency translation difference" under the shareholders' equity.

2.1.3 Basis of consolidation

The consolidated financial statements prepared in accordance with the principles of consolidated financial statements for the year ended 31 December 2019 include the accounts of Logo Yazılım and its subsidiaries. The table below sets out the subsidiaries of Logo Yazılım and ownership interests held by the Company at 31 December 2019 and 2018:

Subsidiaries	31 December 2019 (%)	31 December 2018 (%)
Total Soft (*)	80,00	80,00
e-Logo	100,00	100,00
Logo GmbH	100,00	100,00
Logo Kobi	100,00	100,00
ABS (*)	80,00	80,00
ABS (FS) (*)	80,00	80,00
Joint Venture	31 December 2019 (%)	31 December 2018 (%)
Logo Infosoft (**)	50,00	50,00

(*) Note 4.

(**) As of 1 January 2018, the Company has joint control of Logo Infosoft based on the contract made with GSF Software Labs LLC on. After this date Logo Infosoft has been accounted according to equity method in the consolidated financial statements.

Subsidiaries

Consolidated financial statements include financial statements of the Company and entities controlled by the Company's subsidiaries. Control is provided by the Company providing the following conditions:

- Have the authority on the investee company/asset,
- Being open to or entitled to variable returns from the investee company/asset and
- Ability to use its power that may have effect on the returns.

The balance sheets, income statements and other comprehensive income statements of the subsidiaries that are incorporated into consolidation are consolidated using full consolidation method. The registered value of the investment recorded in the assets of the company and the amount from subsidiaries' shareholder's equity corresponded to company's share are settled net. The transactions and balances between the company and subsidiaries are mutually deleted under consolidation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.1 Basis of presentation (Continued)

Joint venture

Joint venture is a joint initiative in which the sides, who have joint control in an arrangement, have rights related to net assets in this common arrangement. Joint control is the sharing of the control over an economic activity depends on the agreement. This control is supposed to exist if the decisions about the related activity can only be made by the unanimous vote of the sides who share the control.

The investments in joint ventures are recognized using equity method as of the date after the investees turn into subsidiary or joint venture.

2.1.4 Presentation and functional currency

For the purpose of the consolidated financial statements, the results and financial position and cash flows of the Group are presented in Turkish Lira ("TRY"), which is the functional currency of Logo Yazılım.

Functional currency of Total Soft and Logo Investment is Romanian Leu ("RON"). Functional currency of Logo Infosoft is Indian rupee ("INR"). Financial information of each entity included in consolidation are measured using the currency of the primary economic environment in which these entities operate, normally under their local currencies. Assets and liabilities for each statement of financial position presented (including comparatives) are translated to TRY at exchange rates at the statement of financial position date. Income and expenses are translated to TRY at monthly average exchange rates. Foreign currency differences arising on translation are recognized in other comprehensive income as a separate component of equity.

2.2 Going concern

The consolidated financial statements including the accounts of the parent company and its subsidiary have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.3 Amendments to International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2019:

- **Amendment to IFRS 9, 'Financial instruments'**; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- **Amendment to IAS 28, 'Investments in associates and joint venture'**; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

a) *Standards, amendments and interpretations applicable as at 31 December 2019 (Continued):*

- **TFRS 16, 'Leases'**; effective from annual periods beginning on or after 1 January 2019. This standard replaces the current guidance in TAS 17 and is a farreaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- **IFRIC 23, 'Uncertainty over income tax treatments'**; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **Annual improvements 2015-2017**; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - TFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - TFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - TAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
 - TAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.3 Amendments to International Financial Reporting Standards (Continued)

- **Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'**; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- b) *Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:*
 - **Amendments to TAS 1 and TAS 8 on the definition of material**; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
 - i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in TAS 1 about immaterial information.
 - **Amendments to TFRS 3 - definition of a business**; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
 - **Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform**; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Effect of these changes on the Group's financial statements and financial position will be evaluated.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.4 Changes in Accounting Policies

Accounting policy changes arising from the initial application of a new TAS/IFRS are applied retrospectively or prospectively in accordance with the transitional provisions of the TAS/IFRS. Changes to which no transition clauses are included, material changes in accounting policies or voluntary accounting errors are applied retrospectively and prior period financial statements are restated. If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future. The Group has applied the accounting policy changes for "IFRS 16 Leases" resulting from new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transitional provisions of the relevant standards.

The impact of the first-time adoption of this standard and the impact of first-time adoption of relevant standard is as follows:

IFRS 16, "Leases"

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset.

The Group has the right to direct use of asset if either:

- the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
- the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.4 Changes in Accounting Policies (Continued)

IFRS 16 Leases (Continued)

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

The Group subsequently measures the right of use asset:

- after netting-off depreciation and reducing impairment losses from right of use asset,
- adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

Determine whether the right of use assets has impaired and to account for any impairment loss, applies TAS 36, "Impairment of Assets" standard.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- increasing the carrying amount to reflect interest on lease liability
- reducing the carrying amount to reflect the lease payments made and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The reconciliation of operating lease commitments followed within the scope of TAS 17 "Leasing Transactions" prior to the first implementation date and the lease obligations accounted in the consolidated financial statements under IFRS 16 as of January 1, 2019 are as follows:

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.4 Changes in Accounting Policies (Continued)

TFRS 16 Leases (Continued)

Lease commitments under TAS 17	22.737.854
- Short term leases (-)	-
- Low value leases (-)	(1.395.750)

Total lease liability under TFRS 16 (not undiscounted)	21.342.104
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Total lease liability under TFRS 16 (discounted with alternative borrowing rate)	17.812.707
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-Short term lease liabilities	8.489.564
- Long term lease liabilities	9.323.143

The weighted average of the borrowing rates applied to the lease liabilities of the Group as of January 1, 2019 is as follows:

	Additions	1 January 2019
Turkish Lira	%12	%25
Euro	-	%4,5

2.5 Summary of significant accounting policies

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

(a) Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.5 Summary of significant accounting policies (Continued)

(a) Financial assets carried at amortized cost (Continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cheques received deposits at banks and highly liquid investments with maturity periods of less than three months.

Trade receivables and impairment provision

The Group uses the provision matrix by selecting the facilitated application for impairment calculations, since its trade receivables, accounted for amortized cost in the consolidated financial statements, do not contain a significant financing component. With this application, the Group measures the expected credit loss provision at an amount equal to the lifetime expected credit losses in cases where the trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, the future estimates of the Group are taken into account together with past credit loss experiences.

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortized cost. Short term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

Trade and other payables

Trade and other payables are initially measured at fair value. None interest rate bearing short term payables are measured at original invoice amount unless the effect of imputing interest is significant.

Financial borrowings

Interest-bearing financial borrowings are initially measured at the fair value of the consideration received, less directly attributable costs and are subsequently measured at amortized cost, using the effective interest rate method. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset which requires substantial period of time to get ready for its intended use or sale shall be capitalized over the cost of the asset. Other borrowing costs shall be recognized as an expense in the period it incurs.

b-) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where the rights to receive cash flows from the asset have expired, the Group retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement or the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Related Parties

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) Has control or joint control over the reporting entity,
 - (ii) Has significant influence over the reporting entity or
 - (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Related Parties (Continued)

- (b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others), if;
- (i) The entity and the company are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity has a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity has itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of these consolidated financial statements, shareholders, associated entities, key management personnel and Board of Directors members, in each case together with their families and companies controlled or affiliated with them are considered and referred to as related parties. As a result of ordinary business operations, Company may have business relations with the related parties.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group.

When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed based on the requirements of TFRS 3 are recognized at fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the aggregate of the consideration transferred measured at fair value at the date of acquisition and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed at fair value in accordance with TFRS 3 on the date of acquisition. The goodwill for associates is recorded in consolidated statement of financial position under associates accounted for using the equity method.

In the event the amount paid in an acquisition is lower than the fair value of the acquired net assets and liabilities the difference is recognised as income.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. The impairment of goodwill cannot be cancelled. The Group tests the impairments of goodwill as of December 31st. The profit and losses generated from the sale of a business include the goodwill on the sold business.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Gains or losses on disposals of property and equipment are included in the related income and expense accounts, as appropriate.

The initial cost of property and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Property and equipment (Continued)

These capitalized costs are depreciated and charged to statement of profit or loss over the useful life of the related assets. Depreciation is calculated on a straight line basis over the estimated useful life of the assets, which are as follows:

	Useful Life
Leasehold improvements relating to building	5 - 49 year
Machinery, plant and equipment	5 year
Motor vehicles	5 year
Furniture and fixtures	3 - 15 year

Estimated useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Intangible assets

Intangible assets include acquired rights, development costs, software and technology, customer relationships and other identifiable rights acquired in business combinations. Intangible assets are carried at cost less accumulated amortization. These are accounted by cost of acquisition and are subjected to straight-line depreciation method with their useful lives starting from the date of acquisition

	Useful Life
Development costs	5 - 15 year
Technology developed	5 - 10 year
Customer relations	8 - 20 year
Agreement for restriction of competition	3 - 4 year
Other intangible assets	3 - 5 year

Intangible assets acquired in business combinations are accounted for over their fair values at the acquisition date. Where an indication of impairment exists, the carrying amount of any intangible assets is assessed and written down immediately to its recoverable amount.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Research and development costs

Research is defined as the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. The expenditure on research is recognized as an expense when it is incurred.

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized when the following are demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- b) Its intention to complete the intangible asset and use or sell it,
- c) Its ability to use or sell the intangible asset,
- d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs comprise salaries, wages and related costs of the staff working directly in development activities and other directly attributable costs. The government grants related development costs are deducted from the carrying value of associated development costs.

Impairment of assets

All assets are reviewed for impairment losses including property, plant and equipment, and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Impairment losses are recognized in the statement of income.

Impairment losses on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Government incentives

Logo Yazılım benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognized when there is reasonable assurance that Logo Yazılım will comply with the conditions attached to them and the grants will be received.

The government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

Gains arising from incentives for investment and research and development activities together with government grants are recognized when there is a reasonable assurance for the necessary conditions to be fulfilled and incentive to be acquired by the Group. Vested government grants related with expense or capitalization realized in previous accounting periods, are recognized in statements of profit or loss when collectible.

Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

Income taxes (Continued)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Interest and penalties assessed on income tax deficiencies are presented based on their nature.

Revenue Recognition

The Group mainly generates revenue from sale of off-the-shelf software, sale of Logo Enterprise Membership ("LEM"), sale of SaaS membership, after-sales services revenue, development of customized software and version upgrade package sales.

Off-the-shelf software sales - licence model

Revenues on off-the-shelf software sales are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value less sales returns and discounts. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on the asset.

On the off-the-shelf software sales, Logo Yazılım charge its customers a one-time fee and the customers are entitled to use the current release and version indefinitely. Accordingly, the Company does not have obligation following the point of sale.

Off-the-shelf software sales - pay as you go model

In the sales model where the licence rights are not transferred to customers, but usage right of the package programme is made available for a limited period of time, the revenues are accounted for on accrual basis.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Summary of significant accounting policies (Continued)

e-Logo Private Integrator service sales

Companies issuing e-invoice can exchange electronic invoice via data processing system of a private integrator that has the technical capability instead of using internal data processing infrastructure e-Logo is a private integrator certified by the Turkish Revenue Administration and enables its users to realize their electronic invoice exchanges that works with speed and security 24 hours. Companies that use e-Logo's private Integrator Service manage their approval processes on web. Private Integrator Service is provided with a prepaid coin sale. Revenue is recognized according to rates of coin usage.

LEM sales and version upgrade package sales

LEM is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new values to the products throughout the year. Enterprises which buy LEM obtain the basic maintenance and support services necessary for high performance functioning of Enterprise Resource Planning, besides receiving all the legal changes and charged version changes free of charge. LEM sales are recognized on an accrual basis over the contract period. The Group gives LEM for free with the initial sale of the main software. The Group's management noted that LEM products are sold free of charge in the first year and all receipts from these sales transactions are attributed to the main software product. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. A fee is charged for the subsequent renewal of LEM agreements.

SaaS subscription income

SaaS subscription income is allocated to customers on a monthly basis. Income is invoiced and recognised as part of a periodic invoicing process and the source of income is accounted for as soon as the service is rendered.

Post delivery customer support

The revenues from post delivery customer support are recognized on the accrual basis based on the terms of the agreements. The post delivery customer support services are mainly provided by the business partners.

Customized software development

The revenues from customized software development are recognized by reference to the stage of completion of the contract activity at the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Other revenues

Other revenues earned by the Group are recognized on the following basis:

- Royalty and rental income - on an accrual basis,
- Interest income - on an effective yield basis,
- Dividend income - when the Company's right to receive payment is established

Provisions

Provisions are recognized when the Group has a present legal constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision of distribution premium

The group set annual sale targets for its distributors and distribute premiums at the end of the year according to these targets. Premiums are recognized in the period that they are realized and associated with profit and loss statements.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial statements and treated as contingent assets or liabilities.

Contingent liabilities are disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. If an outflow of resources has become probable, contingent liabilities are recognized in the financial statements. Contingent assets are not recognized in financial statements but disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Put option

Potential cash payments related to the sales options held by the Group's subsidiaries are accounted for as a financial liability. The amount payable under the option is initially recognized at fair value within the borrowing framework and the amount corresponding to this amount is followed in equity. The amount recognized in the shareholders equity is recognized in the put option revaluation fund related with non-controlling interests account under the shareholders' equity of the parent company, provided that certain conditions are met. The Group recognizes changes in the subsequent periods in the other comprehensive income and expense statement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Employee benefits

Retirement pay liability

Employment termination benefits, as required by the Turkish Labor Law, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Company is obliged to pay employment termination benefit to employees in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the other comprehensive income.

Personnel vacation provision

Unused vacation rights accrued in the consolidated financial statements represents total provision for liabilities related to employees' unused vacation days as of the balance sheet date.

Personnel bonus provision

Provision for bonus is provided when the bonus is a legal obligation, or past practice would make the bonus a constructive obligation and the Group is able to make a reliable estimate of the obligation.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them. Share options exercised during the reporting period are satisfied with treasury shares.

Statement of cash flows

The Group prepares consolidated statement of cash flows as an integral part of its financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property and equipment, intangible assets and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.5 Summary of significant accounting policies (Continued)

Segment Reporting

The Group's operations are carried out in a single business line. There are two geographical segments which include the data used by management to make decisions on performance evaluation and source distribution. The Group's geographical segments cover operations in Turkey and Romania. These segments are managed separately since different economic conditions affect them. Their risks and yields are different based on their geographical positions. The Group's management adopted a policy of examining geographical segment results in the interim consolidated financial statements prepared in line with TFRS while evaluating the performance of segments

Geographical segments are reported in a manner consistent with the reporting provided to the Chief Executive Officer and board of directors of the Group ("Chief Operating Decision-Maker").

EBITDA is not a financial measure defined by TAS/TFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies.

For a geographical segment to be identified as a reportable segment, its revenue, including both sales to external customers and intersegment sales or transfers, should be 10% or more of the combined revenue, internal and external, of all geographical segments; its profit or loss should be 10% or more of the combined profit or loss or its assets should be 10% or more of the combined assets of all geographical segments. Management monitors the Group's operations in Turkey and Romania, separately.

Geographical segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the interim consolidated financial statements.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is equal to basic EPS because the Group does not have any convertible notes or share options granted to employees.

In Turkey, companies are allowed to raise their share capital by distributing bonus shares to shareholders from retained earnings. In computing earnings per share, such bonus share distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this calculation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.6 Significant accounting estimates and assumptions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results. The estimates and assumptions that can lead to significant adjustments on the carrying value of the assets and liabilities are as follows:

Provision for doubtful receivables

Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties and key customers are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

Useful lives of intangible assets

In accordance with the accounting policy stated in Note 2.5, property and equipment are stated at historical cost less depreciation, net of any impairment charges. Depreciation on tangible assets is calculated using the straight-line method over their estimated useful lives. Useful lives depend on the best estimates of management and are reviewed in each financial period and corrected accordingly.

Revenue recognition

The Group uses percentage of completion method in accounting of its software license revenues and customized software revenues. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of total services to be performed.

Logo Enterprise Membership is an insurance package that provides free ownership for all the charged version updates which protect enterprises against all the legal amendments and which includes new features that will contribute new values to the products throughout the year. Since the free of charge LEM products given the first year are given along with the currently up-to-date software, they do not bring significant updates for the user and their commercial value is lower compared to the LEM products provided in the subsequent years. Thus, related sales amounts are recognized as revenue within the transaction year.

Research and development costs

Development is defined as the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and an intangible asset arising from development is recognized by the Group. Management determines the cost of employees to be capitalized taking into account time spent by each employee on research and development activities. The costs of employees relating to research are expensed as incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2.6 Significant accounting estimates and assumptions (Continued)

Goodwill impairment test

Goodwill is subject to impairment test at least annually. The recoverable amounts of cash generating units are determined on fair value less cost of disposal ("FVLCD") basis. The details of estimates and assumptions used are explained in Note 15.

2.7 Comparatives and adjustment of prior periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. The consolidated balance sheet of the Group at 31 December 2019 has been provided with the comparative financial information of 31 December 2018 and the consolidated statements of profit or loss, the consolidated statements other comprehensive income, changes in equity and cash flows for the period ended 31 December 2019 have been provided with the comparative financial information, for the period ended 31 December 2018.

In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified, and material differences are presented. Accordingly, the following reclassification was made;

- The Group's consolidated balance sheet as at 31 December 2018 contains classification of "liquid funds" amounting to TRY2.502.350 under cash and cash equivalents which was presented under "short-term financial investments", previously.

NOTE 3 - SEGMENT REPORTING

The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments. Adjusted earnings before interest, tax, depreciation and amortization ("EBITDA") is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Adjusted EBITDA definition includes revenue, direct cost of revenues excluding depreciation and amortization accounted for operating expenses (except other income and expenses).

31 December 2019	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	583.386.199	192.416.708	(70.635)	775.732.272
Reportable segment liabilities	209.088.268	172.113.633	(70.635)	381.131.266
Goodwill	116.292.694	30.069.434	-	146.362.128
Property and equipment and intangible asset	131.108.431	99.149.181	-	230.257.612

2019	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	280.252.177	141.881.209	-	422.133.386
Cost of sales	(4.738.333)	(70.292.266)	-	(75.030.599)
Operating expense	(192.284.206)	(62.556.508)	-	(254.840.714)
Other operating income	4.085.725	1.939.573	-	6.025.298
Other operating expenses	(3.212.503)	(2.529.121)	-	(5.741.624)
Income from investing activities	5.447.222	-	-	5.447.222
Financial income	5.322.485	1.123.521	-	6.446.006
Financial expense	(5.598.911)	(7.332.474)	-	(12.931.385)
Depreciation and amortization	(32.610.943)	(17.391.399)	-	(50.002.342)
Share of profit or loss of investments accounted for using the equity method	-	-	-	-
Tax expense	(3.082.526)	(2.139.940)	-	(5.222.466)
Net profit for the year	86.191.130	93.994	-	86.285.124
Adjusted EBITDA	115.840.581	26.423.834	-	142.264.415
Purchase of property and equipment and intangible assets	48.530.526	18.684.042	-	71.257.208

Reconciliation between adjusted EBITDA and profit before tax is as follows:

2019	Consolidated
Adjusted EBITDA	142.264.415
Depreciation and amortization	(50.002.342)
Income from investing activities	5.447.222
Share of profit or loss of investments accounted for using the equity method	-
Other operating income	6.025.298
Other operating expenses	(5.741.624)
Financial income	6.446.006
Financial expense	(12.931.385)
Profit before tax	91.507.590

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NOTE 3 - SEGMENT REPORTING (Continued)

31 December 2018	Turkey	Romania	Segmental eliminations	Consolidated
Reportable segment assets	408.864.406	154.383.330	(89.535)	563.158.201
Reportable segment liabilities	110.923.038	133.751.135	(89.535)	244.584.638
Goodwill	108.693.333	28.058.862	-	136.752.195
Property and equipment and intangible asset	103.914.351	81.137.686	-	185.052.037

2018	Turkey	Romania	Segmental eliminations	Consolidated
Revenue	213.114.614	107.977.485	-	321.092.099
Cost of sales	(3.382.399)	(60.571.541)	-	(63.953.940)
Operating expense	(143.872.370)	(45.046.415)	-	(188.918.785)
Other operating income	4.559.906	2.152.855	-	6.712.761
Other operating expenses	(7.927.327)	(2.714.526)	-	(10.641.853)
Financial income	11.707.978	1.265.861	(367.347)	12.606.492
Financial expense	(5.814.076)	(5.793.085)	367.347	(11.239.814)
Depreciation and amortization	(23.374.968)	(9.660.070)	-	(33.035.038)
Share of profit or loss of investments accounted for using the equity method	(3.487.916)	-	-	(3.487.916)
Tax expense	(677.477)	(630.602)	-	(1.308.079)
Net profit for the year	70.097.475	(2.992.621)	-	67.104.854
Adjusted EBITDA	89.234.813	12.019.599	-	101.254.412
Purchase of property and equipment and intangible assets	40.258.430	13.039.297	-	53.297.727

Reconciliation between adjusted EBITDA and profit before tax is as follows:

2018	Consolidated
Adjusted EBITDA	101.254.412
Depreciation and amortization	(33.035.038)
Income from investing activities	6.243.889
Share of profit or loss of investments accounted for using the equity method	(3.487.916)
Other operating income	6.712.761
Other operating expenses	(10.641.853)
Financial income	12.606.492
Financial expense	(11.239.814)
Profit before tax	68.412.933

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NOTE 4 - BUSINESS COMBINATION

Acquisition of ABS and ABS FS

The Group acquired ABS and ABS FS shares which are hold by ABS through Share Purchase Agreement signed on 19 July 2018. The purchase consideration of ABS and ABS FS was determined as 20% shares of Total Soft which has been transferred to ex-shareholders of ABS and ABS FS. After completion of the provisions described in Share Purchase Agreement, the acquisition process was completed on 30 October 2018. The nominal value of 20% of Total Soft shares of 22.239.700 RON (28.709.229 TRY) was determined to be within a fair value range at that date. Consequently, no adjustments were made and the consideration for the operating assets of ABS and ABS FS was assumed to be equal to 22.239.700 RON (28.709.229 TRY).

The Group with respect to aforementioned acquisition process accounted for ABS and ABS FS in accordance with TFRS 3, "Business Combination". The fair values of identifiable assets acquired and liabilities were determined based on the valuation report performed as a part of purchase price allocation study.

As of the acquisition date, TRY equivalents of RON denominated identifiable assets acquired and liabilities assumed were booked over their following values:

Total assets	663.174
Intangible assets - Customer relationships	24.060.016
Total liabilities	(24.072.823)

Fair value of net assets	650.367
Less: Purchase consideration	28.709.229

Goodwill	28.058.862
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The identifiable assets determined as a result of the purchase price allocation for ABS and ABS FS acquisition are amortized over 15 years for customer relationship.

The goodwill amount calculated is recognized in the financial statements of Total Soft. The goodwill arising from foreign economic unit acquisition is recognized based on the functional currency of Total Soft which is RON within the concept of TMS 21, "The effects of changes in foreign exchange rates". The goodwill amount calculated as of the date of acquisition is RON 21,739,035.

As a result of these acquisitions, there is a sales option given to Avramos Holding Ltd. by Logo Yazılım for the 20% Total Soft shares transferred to Avramos Holding Ltd. between 1 January 2021 and 31 December 2024. As of December 31, 2019, the Company has accounted for the liability for a put option amounting to TRY 18.158.065 in the long-term liabilities account as a result of the sales option given in the consolidated financial statements.

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NOTE 5 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as of 31 December 2019 and 31 December 2018 is as follows:

	31 December 2019	31 December 2018
Cash	85.283	36.477
Banks		
- Demand deposits - TRY	1.251.573	661.540
- Demand deposits - foreign currency	11.055.256	6.197.342
- Time deposits – foreign currency	19.084.419	9.340.088
- Time deposits - TRY	6.224.745	19.029.482
Credit card slip receivables	57.802.741	41.791.108
Liquid funds(*)	56.603.131	2.502.350
Checks received	76.574	260.274
Blocked cash (**)	-	1.101.116
	152.183.722	80.919.777

(*) Liquid funds consist of investment instruments that can be converted to cash.

(**) Restricted cash consist of cash guarantees given by the Total Soft to its customers and the maturities are less than three months.

As of 31 December 2019, the weighted average effective annual interest rates of TRY denominated time deposits are between 10,75% and 23,50% (31 December 2018: 13,75% and 25,70%). As of 31 December 2019, the weighted average effective annual interest rates of USD denominated time deposits are between 2,10% and 3,80% and EURO denominated time deposits are between 0,20% and 1,50%.

NOTE 6 - FINANCIAL INVESTMENTS

The analysis of non-current financial assets at 31 December 2019 and 2018 is as follows:

	31 December 2019		31 December 2018	
	Share (%)	Carrying amount	Share (%)	Carrying amount
Logo Ventures Girişim Sermayesi Yatırım Fonu ("Logo Ventures") (*)	20.00	2.036.613	20.00	1.450.000
İnterpro Yayıncılık Araştırma ve Organizasyon Hizmetleri A.Ş. ("İnterpro") (*)	2.00	80.653	2.00	80.653
Dokuz Eylül Teknoloji Geliştirme Bölgesi A.Ş. ("Dokuz Eylül") (*)	0.67	50.000	0.67	50.000
	2.167.266	1.580.653		

(*) As of 31 December 2019, Logo Ventures has been recognized as the asset fair value and difference is reflected to other comprehensive income and TRY 586.613 difference between its fair value and the cost value is accounted in other comprehensive income. İnterpro and Dokuz Eylül is reflected to consolidated financial statements with their cost value since their fair value is not significant as of 31 December 2019.

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

Long term other financial investment:

	30 December 2019	31 December 2018
Long term other financial investment (*)	10.563.547	5.742.561

(*) The Group's joint venture consists of the convertible debt instruments issued by Logo Infosoft, when the relevant amounts are included in equity the ownership ratio of the Group is 66.59 %. The Group has not considered the related investment for trading purposes and has recognized the fair value changes in the other comprehensive income statement in accordance with the accounting policies explained in Note 2.5.

NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements of investments accounted for using the equity method for the year is as follows:

	2019	2018
As of 1 January	-	558.663
Effect of Logo Infosoft – opening effect	-	2.010.550
Participation in capital increase of joint venture	-	1.350.000
Share of profit/(loss)	-	(3.487.916)
Sale of Figo	-	(431.297)
As of 31 December	-	-

The financial information summary of investment accounted for using the equity method is as follows:

Summary of balance sheet

Logo Infosoft	31 December 2019	31 December 2018
Cash and cash equivalents	383.839	494.318
Other current assets	2.663.927	2.173.129
Other non-current assets	1.379.164	1.832.886
Total assets	4.426.930	4.500.333
Other short term liabilities	5.575.211	3.722.651
Other long term liabilities	13.113.500	-
Total liabilities	18.688.711	3.722.651
Net (Liabilities)/ Assets	(14.261.781)	777.682

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NOTE 7 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summary of income statements

Logo Infosoft	31 December 2019	31 December 2018
Income	790.736	1.055.581
Expenses (-)	(9.560.714)	(10.267.319)
Net loss for the period	(8.769.978)	(9.211.738)
Interest ratio of the Group	%50,00	%50,00
Group's share	(4.384.989)	(4.605.869)
Unrecognised losses (*)	4.384.989	2.595.319
Share of losses of investment under equity method	-	(2.010.550)

(*) Group's shares of loss for the period of Logo Infosoft amounting to TRY 4.384.989 has not been recognised, since the carrying value of Logo Infosoft declined to zero.

NOTE 8 - BORROWINGS

Details of borrowings as of 31 December 2019 and 2018 is as follows:

Short-term borrowings:	31 December 2019	31 December 2018
Short-term bank borrowings	13.755.155	1.788.145
Credit card payables	185.159	137.852
Lease liabilities	7.369.019	-
	21.309.333	1.925.997
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	10.114.413	-
Lease liabilities	809.805	741.292
	10.924.218	741.292
Total short-term borrowings	32.233.551	2.667.289
Long-term borrowings:	31 December 2019	31 December 2018
Long-term bank borrowings	95.657.231	96.009.180
Lease liabilities	8.322.358	799.159
Total long-term borrowings	103.979.589	96.808.339

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NOTE 8 - BORROWINGS (Continued)

		31 December 2019	
	Weighted average annual interest rate (%)	Original amount	TRY equivalent
Short-term borrowings:			
Bank borrowings - TRY - unsecured		1.796.645	1.796.645
Bank borrowings - RON - unsecured		8.645.539	11.958.510
Credit card payables - TRY		185.159	185.159
Lease liabilities- Euro	4.5%	797.919	5.306.640
Lease liabilities- TRY	12%-25%	2.062.379	2.062.379
		21.309.333	
Short-term portion of long-term borrowings:			
Bank borrowings – Euro-secured	Euribor+2.50%- 2.95%	1.520.827	10.114.413
Financial leases – Euro	4.5%	121.764	809.805
		10.924.218	
Long-term borrowings:			
Bank borrowings - Euro - secured	Euribor+2.50%- 2.95%	14.383.248	95.657.231
Financial leases- TRY	12%-25%	4.851.390	4.851.390
Financial leases- Euro	4.5%	521.903	3.470.968
		103.979.589	
Total borrowings		136.213.140	

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NOTE 8 - BORROWINGS (Continued)

	31 December 2018		
	Weighted average annual interest rate (%)	Original amount	TRY equivalent
Short-term borrowings:			
Bank borrowings - RON - unsecured	-	1.788.145	1.788.145
Credit cards- TRY	-	137.852	137.852
			1.925.997
Short-term portion of long-term borrowings:			
Financial leases - Euro	-	122.975	741.292
			741.292
Long-term borrowings:			
Bank borrowings - Euro - secured Euribor+2.50%- 2.95%		15.927.203	96.009.180
Financial leases- Euro	-	132.574	799.159
			96.808.339
Total borrowings			99.475.628

The redemption schedules of long-term borrowings at 31 December 2019 and 2018 are as follows:

	31 December 2019		31 December 2018	
To be paid within 1-2 years		18.646.974		9.830.270
To be paid within 2-5 years		38.914.011		34.443.045
To be paid in more than 5 years		46.418.604		52.535.024
		103.979.589		96.808.339
	Net book value		Fair value	
	2019	2018	2019	2018
Bank borrowings	119.526.799	97.797.325	133.736.289	113.480.897
	119.526.799	97.797.325	133.736.289	113.480.897

Interest rate and currency risk of the Group are explained in Note 31.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables as of 31 December 2019 and 31 December 2018 are as follows:

Short-term trade receivables:	31 December 2019	31 December 2018
Trade receivables	150.603.977	116.448.525
Credit card receivables	89.151.849	46.264.280
Cheques and notes receivables	3.268.483	7.738.534
Less: provision for doubtful receivables	(24.320.148)	(26.134.062)
Less: unearned finance income arising from credit sales	(7.547.283)	(7.836.647)
	211.156.878	136.480.630

As of 31 December 2019, the average turnover of the trade receivables is 124 days (31 December 2018: 123 days), excluding the credit card receivables, the turnover day is 80 days (31 December 2018: 78 days). The discount rate applied to the undue receivables is 10,57% (31 December 2018: 23,48%).

As of 31 December 2019, TRY 15.888.327 of trade receivables (31 December 2018: TRY 14.898.546) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	31 December 2019	31 December 2018
Up to 1 month	7.015.955	4.820.403
1-3 months	3.214.898	4.032.670
More than 3 months	5.657.474	6.045.473
	15.888.327	14.898.546

As of 31 December 2019, TRY12.469.489 of overdue receivables consist of trade receivables of Total Soft (31 December 2018: TRY11.192.815). Group manages its receivables in accordance with credit risk management policies which is explained in Note 30.

The movement of provision for doubtful receivables for the periods ended 31 December 2019 and 2018 are as follows:

	2019	2018
As of 1 January	26.134.062	21.628.975
Provisions for the year	3.638.421	2.818.108
Releases	(6.996.125)	(3.961.698)
Acquisition of subsidiary	-	935.233
Foreign currency translation difference	1.543.790	4.713.444
As of 31 December	24.320.148	26.134.062

Trade payables to third parties:

	31 December 2019	31 December 2018
Trade payables	46.713.633	25.500.164
As of 31 December 2019, the average debt payment period is 110 days (31 December 2018: 80 days)		

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

The table below shows the maximum exposure of the Group to credit risk as of 31 December 2019 and 31 December 2018:

31 December 2019	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	-	211.156.878	3.378.826	909.141	152.021.865
- Amount of risk covered by guarantees	-	303.324	-	-	-
Net carrying value of not past due and not impaired financial assets	-	195.268.551	3.378.826	909.141	152.021.865
Net carrying value of past due but not impaired financial assets	-	15.888.327	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-
Net carrying value of impaired assets	-	24.320.148	-	-	-
- Past due (gross carrying value)	-	(24.320.148)	-	-	-
- Provision for impairment (-)	-	-	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

31 December 2018	Trade receivables		Other receivables		Cash at bank
	Related party	Other	Related party	Other	
The maximum of credit risk exposure as of reporting date	1.406.965	136.480.630	-	1.576.349	78.120.676
- Amount of risk covered by guarantees	-	607.724	-	-	-
Net carrying value of not past due and not impaired financial assets	1.406.965	121.582.084	-	1.576.349	78.120.676
Net carrying value of past due but not impaired financial assets	-	14.898.546	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-
Net carrying value of impaired assets	-	-	-	-	-
- Past due (gross carrying value)	-	26.134.062	-	-	-
- Provision for impairment (-)	-	(26.134.062)	-	-	-
- Amount of risk covered by guarantees	-	-	-	-	-

The guarantees which cover the credit risk include guarantee cheques, mortgages and letter of guarantees.

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NOTE 10 - OTHER RECEIVABLES, PAYABLES AND OTHER CURRENT ASSETS

Short-term other receivables from third parties:	31 December 2019	31 December 2018
Income accruals	881.805	1.407.822
Deposits and guarantees given	7.915	7.915
Other	19.421	-
	909.141	1.415.737
Long-term other receivables from third parties:	31 December 2019	31 December 2018
Other long-term receivables	-	160.612
Short-term other payables to third parties:	31 December 2019	31 December 2018
Taxes payable	17.960.544	10.360.105
Other	-	435.608
	17.960.544	10.795.713
Long-term other payables to third parties:	31 December 2019	31 December 2018
Put option liability (Note 4)	18.158.065	1.018.118
Other payables	615.244	615.243
	18.773.309	1.633.361
Other current assets:	31 December 2019	31 December 2018
Prepaid taxes	1.442.516	2.081.115
Personel advances	803.448	1.481.654
Deferred VAT	657.042	496.205
Business advances	453.073	-
Other	1.074.105	221.908
	4.430.184	4.280.882

NOTE 11 - INVENTORIES

	31 December 2019	31 December 2018
Trade goods	497.443	772.724
Raw materials and equipment	19.311	14.726
Other	21.360	110
	538.114	787.560

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NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2019	Additions	Disposals	Currency translation differences	31 December 2019
Cost:					
Machinery, plant equipment	12.943.767	2.222.352	(2.953.389)	334.699	12.547.429
Motor Vehicles	3.404.357	70.385	(324.331)	113.169	3.263.580
Furniture and Fixtures	5.915.932	426.457	(22.194)	58.570	6.378.765
Leasehold improvements	24.194.629	1.304.730	-	23.060	25.522.419
	46.458.685	4.023.924	(3.299.914)	529.498	47.712.193
Accumulated Depreciation:					
Machinery, plant equipment	9.971.579	2.067.337	(2.938.706)	205.464	9.305.674
Motor Vehicles	2.086.528	931.328	(309.844)	166.950	2.874.962
Furniture and Fixtures	4.433.912	361.233	(22.194)	24.776	4.797.727
Leasehold improvements	9.258.316	1.409.828	-	16.087	10.684.231
	25.750.335	4.769.726	(3.270.744)	413.277	27.662.594
Net book value	20.708.350				20.049.599

	1 January 2018	Additions	Disposals	Currency translation differences	Addition of subsidiary (*)	Disposal of subsidiary (**)	31 December 2018
Cost:							
Lands	-	-	(160.825)	-	160.825	-	-
Buildings	-	-	(791.259)	-	791.259	-	-
Machinery, plant equipment	9.081.537	2.087.059	(69.051)	635.803	1.376.482	(168.063)	12.943.767
Motor Vehicles	2.237.291	372.844	-	681.853	112.369	-	3.404.357
Furniture and Fixtures	5.510.453	238.836	(2.922)	123.627	276.883	(230.945)	5.915.932
Leasehold improvements	22.606.581	1.816.818	(8.350)	75.517	-	(295.937)	24.194.629
	39.435.862	4.515.557	(1.032.407)	1.516.800	2.717.818	(694.945)	46.458.685
Accumulated Depreciation:							
Buildings	-	3.342	(139.939)	-	136.597	-	-
Machinery, plant equipment	6.914.609	1.606.987	(68.373)	186.750	1.338.206	(6.600)	9.971.579
Motor Vehicles	605.486	1.160.448	-	208.224	112.370	-	2.086.528
Furniture and Fixtures	3.911.284	391.265	(649)	61.574	79.954	(9.516)	4.433.912
Leasehold improvements	8.062.778	1.177.858	(8.350)	37.652	-	(11.622)	9.258.316
	19.494.157	4.339.900	(217.311)	494.200	1.667.127	(27.738)	25.750.335
Net book value	19.941.705						20.708.350

(*) Note 4.

(**) Note 7.

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NOTE 13 - INTANGIBLE ASSETS

	1 January 2019	Additions	Currency translation differences	31 December 2019
Costs:				
Development costs	218.928.412	61.908.759	4.593.593	285.430.764
Advanced technology	16.508.818	-	274.725	16.783.543
Customer relations	46.047.973	-	2.560.745	48.608.718
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible assets	10.804.144	1.282.238	205.741	12.292.123
	295.037.125	63.190.997	7.634.804	365.862.926
Accumulated Depreciation:				
Development costs	101.458.113	30.999.666	996.339	133.454.118
Advanced technology	8.732.316	1.793.572	169.643	10.695.531
Customer relations	9.660.770	4.011.197	281.595	13.953.562
Non-compete agreement	2.747.778	-	-	2.747.778
Other intangible Assets	8.094.461	920.479	180.602	9.195.542
	130.693.438	37.724.914	1.628.179	170.046.531
Net book value	164.343.687			195.816.395

Additions amounting to TRY61.868.759 to development costs for the year ended 31 December 2019 (2018: TRY46.974.852) consists of capitalised personnel costs.

TRY40.454.442 (2018: TRY31.640.078) of the current year's depreciation and amortization expenses has been allocated to research and development expenses, TRY1.972.328 (2018: TRY422.233) has been allocated to marketing expenses, TRY 6.984.835 (2018: TRY400.832) has been allocated to general administrative expenses, TRY 590.737 (2018: TRY571.895) has been allocated to cost of sales.

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NOTE 13 - INTANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Currency translation differences	Addition of subsidiary (*)	Disposal of subsidiary (**)	31 December 2018
Costs:						
Development costs	161.201.959	47.574.852	11.192.180	-	(1.040.579)	218.928.412
Advanced technology	15.656.562	-	852.256	-	-	16.508.818
Customer relations	19.482.447	-	2.505.510	24.060.016	-	46.047.973
Non-compete agreement	2.747.778	-	-	-	-	2.747.778
Other intangible assets	7.668.671	1.207.318	119.431	1.870.984	(62.260)	10.804.144
	206.757.417	48.782.170	14.669.377	25.931.000	(1.102.839)	295.037.125
Accumulated Depreciation:						
Development costs	76.520.130	23.720.676	1.327.384	-	(110.077)	101.458.113
Advanced technology	6.452.820	1.971.990	307.506	-	-	8.732.316
Customer relations	6.988.578	2.280.347	391.845	-	-	9.660.770
Non-compete agreement	2.692.889	54.889	-	-	-	2.747.778
Other intangible Assets	5.500.790	667.236	60.223	1.866.212	-	8.094.461
	98.155.207	28.695.138	2.086.958	1.866.212	(110.077)	130.693.438
Net book value	108.602.210					164.343.687

(*) Note 4.

(**) Note 7.

DİPNOT 14 – RIGHT OF USE ASSETS

	1 January 2019	Additions	Disposals	Currency translation differences	31 December 2019
Cost:					
Vehicles	8.511.862	962.686	-	101.128	9.575.676
Office	9.300.845	3.079.601	(531.327)	620.854	12.469.973
	17.812.707	4.042.287	(531.327)	721.982	22.045.649
Accumulated Depreciation:					
Vehicles	-	3.130.781	-	11.809	3.142.590
Office	-	4.376.921	(17.118)	151.638	4.511.441
	-	7.507.702	(17.118)	163.447	7.654.031
Net book value	17.812.707				14.391.618

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NOTE 15 – GOODWILL(Continued)

No impairment has been recorded as a result of the impairment test made according to available analyzes.

Sensitivity to the changes in the estimates used in the impairment test of Total Soft's goodwill is as follows:

Long term growth rate

Originally, the long term growth rate is assumed to be 2.5%. Has the rate been assumed to be as 2%, the recoverable amount would have been 2% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Discount rate

Originally, the discount rate is assumed to be 14.6%. Has the rate been assumed to be as 15.1%, the recoverable amount would have been 4% higher than the goodwill included book value of cash generating unit including goodwill and still no impairment provision would have been required.

Goodwill impairment test - Netsis

The impairment test of goodwill related with Netsis acquisition has been performed using the cash flows for the year ended 31 December 2019 and current book value. As of 31 December 2019, it is noted that the current cash flows of the cash generating unit exceeds its book value by 175%. Negative cash flows are not expected from Netsis in the foreseeable future.

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees received:

	Original currency	31 December 2019		31 December 2018	
		Original amount	TRY equivalent	Original amount	TRY equivalent
Guarantee notes	TRY	243.324	243.324	247.724	247.724
Mortgages	TRY	60.000	60.000	360.000	360.000
			303.324		607.724

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NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

As of 31 December 2019 and 31 December 2018, guarantee/pledge/mortgage ("GPM") given by the Company on behalf of its legal entity are as follows:

GPM given by the Company:

	31 December 2019				31 December 2018			
	Euro	USD	RON	TRY	Euro	USD	RON	TRY
A. Total amount of Guarantees provided by the Company on behalf of itself	-	265.319	-	671.885	-	234.978	-	-1.181.997
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	118.220.143	-	44.912	-	107.348.145	-	48.117	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Other Guarantees given-	-	-	-	-	-	-	-	-
(i) Total amount of Guarantees given on behalf of the parent Company-	-	-	-	-	-	-	-	-
(ii) Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	118.220.143	265.319	44.912	671.885	107.348.145	234.978	48.117	1.181.997

(*) Note 8.

The lawsuits filed against the Group are total TRY4.428.192. The Group's management does not expect any cash outflows regarding these lawsuits therefore, no provisions has been accounted in the consolidated financial statements.

NOTE 17 - EMPLOYEE BENEFITS

Short - term payables for employee benefits:	31 December 2019	31 December 2018
Taxes, funds and social security payables	6.504.227	5.340.132
Due to personnel	5.334.057	5.502.751
	11.838.284	10.842.883

Short - term provisions for employment benefits:	31 December 2019	31 December 2018
Bonus provision	28.145.390	17.515.106

Long - term provisions for employment benefits:	31 December 2019	31 December 2018
Provision for employment termination benefits	7.120.017	6.009.607
Provision for unused vacation liability	6.475.048	5.323.122
	13.595.065	11.332.729

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NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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GPM given by the Company:	31 December 2019				31 December 2018			
	Euro	USD	RON	TRY	Euro	USD	RON	TRY
A. Total amount of Guarantees provided by the Company on behalf of itself	-	265.319	-	671.885	-	234.978	-	1.181.997
B. Total amount of Guarantees provided on behalf of the associates accounted under full consolidation method (*)	118.220.143	-	44.912	-	107.348.145	-	48.117	-
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-	-	-	-	-
D. Other Guarantees given-	-	-	-	-	-	-	-	-
(i) Total amount of Guarantees given on behalf of the parent Company-	-	-	-	-	-	-	-	-
(ii) Total amount of Guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-	-	-	-	-
(iii) Total amount of Guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-	-	-	-	-
	118.220.143	265.319	44.912	671.885	107.348.145	234.978	48.117	1.181.997

(*) Note 8.

The lawsuits filed against the Group are total TRY4.428.192. The Group's management does not expect any cash outflows regarding these lawsuits therefore, no provisions has been accounted in the consolidated financial statements.

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Taxes, funds and social security payables	6.504.227	5.340.132
Due to personnel	5.334.057	5.502.751
	11.838.284	10.842.883
Short - term provisions for employment benefits:	31 December 2019	31 December 2018
Bonus provision	28.145.390	17.515.106
Long - term provisions for employment benefits:	31 December 2019	31 December 2018
Provision for employment termination benefits	7.120.017	6.009.607
Provision for unused vacation liability	6.475.048	5.323.122
	13.595.065	11.332.729

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

The movement of provision for unused vacation liability for the years ended 31 December 2019 and 2018 is as follow:

	2019	2018
As of 1 January	5.323.122	3.956.857
Increase for the period	944.718	603.719
Acquisition of subsidiaries	-	117.374
Currency translation difference	207.208	645.172
As of 31 December	6.475.048	5.323.122

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary limited to a maximum of TRY6.730,15 for each year of service at 1 January 2020 (31 December 2018: TRY6.017,60). Provision for employment termination benefits is calculated based on the present value of the Group's obligation to pay in the event of retirement.

Employment termination benefit liability is not funded and there is no legal funding requirement.

TAS 19, "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial gain/(loss) is accounted under the "Funds for actuarial gain/(loss) on employee termination benefits":

	31 December 2019	31 December 2018
Discount rate (%)	4,19	5,65
Turnover rate to estimate the probability of retirement (%)	94,10	93,50

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for employment termination benefits every six months the maximum amount of TRY6.730,15 which is effective from 1 January 2020 (1 January 2019: TRY6.017,60) has been taken into consideration in the calculations.

The movement in the provision for employment termination benefits during the years ended 31 December 2019 and 2018 were as follows:

	2019	2018
As of 1 January	6.009.607	4.341.706
Service cost	637.261	706.320
Interest cost	655.978	684.862
Actuarial loss	978.664	1.250.713
Payments during the year	(1.161.493)	(973.994)
As of 31 December	7.120.017	6.009.607

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NOTE 18 - PREPAID EXPENSES AND CONTRACT LIABILITIES

Short - term prepaid expenses:	31 December 2019	31 December 2018
Prepaid expenses	6.496.405	2.048.483
	6.496.405	2.048.483
Long - term prepaid expenses:	31 December 2019	31 December 2018
Advances given	1.307.947	2.902.501
	1.307.947	2.902.501
Short - term contract liabilities:	31 December 2019	31 December 2018
Contract liabilities	97.698.400	58.665.117
Advances received	2.237.454	3.548.181
	99.935.854	62.213.298

Contract liabilities mainly relates to LEM sales revenue, pay as you go sales (integrator revenue), after-sales services, customized software sales and Tübitak incentives billed but not earned.

The details of contract liabilities at 31 December 2019 and 31 December 2018 as follows:

	31 December 2019	31 December 2018
LEM sales	49.805.494	39.102.529
Pay as you go sales	36.918.671	12.519.888
Revenue from continuing projects	9.658.022	5.400.083
After-sales services revenue	1.316.213	1.642.617
	97.698.400	58.665.117

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NOTE 19 - EQUITY

The Company's authorized and paid-in share capital consists of 2.500.000.000 (31 December 2018: 2.500.000.000) shares with a nominal value of Kr 1 each. The shareholding structure of the Company as of 31 December 2019 and 31 December 2018 are as follows:

	31 December 2019	Share (%)	31 December 2018	Share (%)
Logo Teknoloji ve Yatırım A.Ş.	8.407.513	33,63	8.391.013	33,56
Mediterra Capital Partners I. LP	-	-	16.500	< 1,00
Publicly traded	16.592.487	66,37	16.592.487	66,44
	25.000.000	100,00	25.000.000	100,00
Adjustment to share capital	2.991.336		2.991.336	
Total paid-in share capital	27.991.336		27.991.336	

The shares representing capital are categorized as group A and B. The privileges granted to group A shares are as follows: half of the board members will be elected from among the candidates nominated by group A shareholders and the Chairman of the Board is elected from among the board members proposed by Group A shareholders. Adjustment to share capital represents the difference between the historical amounts and the amounts adjusted according to the inflation of cash contributions to share capital.

Treasury shares

As of 31 December 2019 the amount of treasury shares which is accounted in Group's equity is TRY 10.054.033 (31 December 2018: TRY 10.054.033)

The amount and the number of shares related to the group shares that are bought back and the sales of these shares categorized by years are like below:

Year	Share	Purchase amount
2012	171.000	450.493
2013	1.711.495	8.163.509
2015	108.136	1.983.148
2018	177.042	5.421.470
Total purchases	2.167.673	16.018.620

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NOTE 19 - EQUITY (Continued)

Year	Share	Sales amount	Purchase amount
2013	1.297.500	6.487.500	5.964.587
Total sales	1.297.500	6.487.500	5.964.587

The difference between purchase amounts and sales amounts amounting to TRY 522.913 is accounted under equity on the transaction dates.

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

As a dividend distribution policy as long as the ongoing regulations and its financial resources allow the Company, considering its long-term corporate strategy, investment plans and financing policies, and its profitability and cash position, and provided that it can be met from the profit in the statutory records, intends to distribute up to 55% of the distributable profit calculated in accordance with Capital Market Regulations to its shareholders; dividend distribution may be realized in cash or by capital increase through bonus shares or partly in cash and partly through bonus shares. In the event that the dividend amount is less than 5% of the paid-in capital then such amount will not be distributed and will be retained within the company.

Dividend advance payments can be made in accordance with Turkish Commercial Code and CMB regulations provided that General Assembly authorizes the Board of Directors to pay dividend advance, limited to the related year, to shareholders in accordance with the Articles of Association. The Group aims to complete the dividend payment before the last working day of the year in which dividend distribution decision is made in the General Assembly and starts the payment latest at the end of the accounting period when the General Assembly meeting is held. General Assembly or Board of Directors, if authorized by the General Assembly, can decide to distribute dividend in installments in line with CMB regulations.

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NOTE 20 - EXPENSES BY NATURE

As of 31 December 2019 and 2018, expenses are disclosed by function and the details of the expenses are summarized in Note 22 and Note 23.

NOTE 21 - SALES AND COST OF SALES

Sales:

	1 January - 31 December 2019	1 January - 31 December 2018
Revenue	303.174.395	224.587.057
Service revenue	115.091.222	92.377.000
Retail saas service revenue	12.189.351	9.435.674
Sales returns	(5.308.617)	(3.136.948)
Sales discounts	(3.012.965)	(2.170.684)

Net sales	422.133.386	321.092.099
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Cost of sales	(75.030.599)	(63.953.940)
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Gross profit	347.102.787	257.138.159
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Cost of sales:

	1 January - 31 December 2019	1 January - 31 December 2018
Cost of services	70.304.720	60.571.541
Cost of transfer of financial rights	4.253.124	3.009.481
Cost of trade goods sold	472.755	372.918

Cost of sales	75.030.599	63.953.940
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NOTE 22 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES, AND GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses:

	1 January - 31 December 2019	1 January - 31 December 2018
Personnel expenses	44.026.700	37.164.661
Depreciation and amortization (Note 13)	40.454.442	31.640.078
Outsourced benefits and services	4.232.473	2.668.442
Consultancy expenses	2.427.932	1.597.939
Motor vehicle expenses	2.053.785	3.206.854
Travel expenses	1.223.379	924.792
Other	7.101.846	6.103.980
	101.520.557	83.306.746

Marketing, selling and distribution expenses:

	1 January - 31 December 2019	1 January - 31 December 2018
Advertising and selling expenses	39.678.693	27.497.678
Personnel expenses	30.824.590	22.725.288
Consultancy expenses	3.421.954	2.601.541
Outsourced benefits and services	2.482.163	2.007.851
Depreciation and amortization (Note 13)	1.972.328	422.233
Motor vehicle expenses	1.620.646	1.822.513
Travel expenses	1.080.229	947.259
Other	2.679.931	1.868.808
	83.760.534	59.893.171

General administrative expenses:

	1 January - 31 December 2019	1 January - 31 December 2018
Personnel expenses	50.444.504	30.760.765
Depreciation and amortization (Note 13)	6.984.835	400.832
Consultancy expenses	6.895.526	8.600.774
Motor vehicle expenses	1.343.951	1.212.333
Travel expenses	675.410	611.996
Outsourced benefits and services	622.897	656.497
Other	2.592.500	3.475.671
	69.559.623	45.718.868

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NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 December 2019	1 January - 31 December 2018
Rediscount income	1.666.853	732.546
Foreign exchange gains (*)	1.003.612	3.575.628
Overdue interest income	527.029	429.546
Other	2.827.804	1.975.041
	6.025.298	6.712.761

(*) Arising from the difference between foreign exchange differences of trade receivables and payables.

Other operating expenses

	1 January - 31 December 2019	1 January - 31 December 2018
Provision expense	2.629.423	2.009.499
Rediscount expenses	1.377.488	4.693.260
Foreign exchange losses (*)	804.581	2.070.511
Other	930.132	1.868.583
	5.741.624	10.641.853

(*) Arising from the difference between foreign exchange differences of trade receivables and trade payables.

NOTE 24 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 December 2019	1 January - 31 December 2018
Gain on sale of financial instruments	5.447.222	175.186
Gain on joint ventures sale (*)	-	6.068.703
	5.447.222	6.243.889

(*) Group has transferred all shares of FIGO with the share transfer agreement that signed on 31 December 2018. On assignment, difference between book value of FIGO TRY 431.297 and sale value TRY 6.500.000 has been accounted as gains on joint ventures sale.

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NOTE 25 - FINANCIAL INCOME

	1 January - 31 December 2019	1 January - 31 December 2018
Foreign exchange gains	4.678.154	9.331.722
Interest income	1.767.852	3.274.770
	6.446.006	12.606.492

NOTE 26 - FINANCIAL EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Foreign exchange losses	5.678.968	6.170.865
Interest expense	3.793.890	3.147.539
Interest expense from leases	1.622.674	-
Credit card commissions	1.060.630	1.100.604
Interest expense of employee termination benefits	655.978	684.862
Other financial expenses	119.245	135.944
	12.931.385	11.239.814

NOTE 27 - TAX ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Current period tax expense	(7.461.566)	(4.542.359)
Deferred tax income/(expense)	2.239.100	3.234.280
Current period tax expense	(5.222.466)	(1.308.079)

Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with TFRS and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for TFRS and statutory tax purposes.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax assets and liabilities, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2019 and 31 December 2018 using the enacted tax rates, is as follows:

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NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Deferred income tax assets:				
Expense accruals	23.539.318	14.761.697	4.707.864	2.952.339
Rediscount of trade receivables and payables	7.461.550	7.577.267	1.492.310	1.515.453
Employee termination benefits	4.107.216	3.574.275	821.443	714.855
Contract liabilities	2.611.582	1.217.361	522.316	243.473
Vacation provision	1.937.224	1.173.194	387.445	234.639
Provision for doubtful receivables	544.244	462.957	108.849	92.591
	40.201.134	28.766.751	8.040.227	5.753.350
Deferred income tax liabilities:				
Difference between the tax base and carrying value of property, equipment and intangible assets	(28.080.537)	(27.262.822)	(5.616.107)	(5.452.564)
	(28.080.537)	(27.262.822)	(5.616.107)	(5.452.564)
Deferred income tax assets/(liabilities) net			2.424.120	300.786

The analysis of deferred tax assets and liabilities are as follows:

	2019	2018
Deferred tax assets		
To be recovered less than 12 months	6.831.339	4.803.856
To be recovered more than 12 months	1.208.888	949.494
	8.040.227	5.753.350
Deferred tax liabilities		
To be recovered more than 12 months	(5.616.107)	(5.452.564)
	(5.616.107)	(5.452.564)
Deferred income tax assets/(liabilities), net	2.424.120	300.786

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Movement of deferred taxes asset/(liabilities) for the periods is as follows:

	2019	2018
As of 1 January	300.786	(2.245.798)
Charged to statements of profit or loss	2.239.100	3.234.280
Charged to other comprehensive income	98.072	124.158
Currency translation difference	(213.838)	(811.854)
As of 31 December	2.424.120	300.786

Corporate tax

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006. The corporate tax rate for 2019 is 22% (2018: 22%). The law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. The corporate tax rate is 16% in Romania (2018: 16%).

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 30th of the fourth month following the close of the financial year to which they relate.

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

In accordance with Tax Law No: 5035 item 44, that amends "Technology Development Regions Law" No: 4691, corporate and income taxpayers operating in technology development regions are exempt from corporate and income tax until 31 December 2023.

The investment allowance, which has been applied for many years and calculated as 40% of property plant and equipment acquisitions exceeding a certain amount, was annulled with the Law No, 5479 dated 30 March 2006, However, in accordance with the temporary Law No, 69 added to the Income Tax Law, corporate and income taxpayers can offset the investment allowance amounts present as of 31 December 2005, which could not be offset against taxable income in 2005 and:

- a) In accordance with the investment certificates prepared for applications made before 24 April 2003 investments to be made after 1 January 2006 in the scope of the certificate regarding the investments that began in the scope of additional articles 1, 2, 3, 4, 5 and 6 of Income Tax Law No: 193 before it was repealed with the Law No, 4842 dated 9 April 2003 and,
- b) investment allowance amounts to be calculated in accordance with legislation effective at 31 December 2005 related to investments which exhibit a technical and economic and integrity and which were started prior to 1 January 2006 in the scope of Income Tax Law 193 repealed 19th article, only against the income related to the years 2006, 2007 and 2008, in accordance with the legislation at 31 December 2005 (including provisions related to tax rates).

The Constitutional Court abolished the provisions of Temporary Article 69 of the Income Tax Law regarding the time limitation to the investment allowance in its meeting held on 15 October 2009, and published the minutes of the relevant meeting on its website in October 2009. The decision of the Constitutional Court on the cancellation of the time limitation for investment allowance for the years 2006, 2007 and 2008 came into force with its promulgation in the Official Gazette, dated 8 January 2010, and thereby the time limitation regarding investment allowance was removed.

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NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Current income tax expense	7.461.566	4.542.359
Prepaid taxes and funds (-)	(2.483.862)	(2.582.973)
Current income tax liabilities	4.977.704	1.959.386
Income tax reconciliation:	1 January - 31 December 2019	1 January - 31 December 2018
Profit before income tax	91.507.590	68.412.933
Tax calculated at enacted tax rate in Turkey (22%)	(20.131.670)	(15.050.845)
Non-deductible expenses	(4.654.912)	(2.667.785)
Income not subject to tax	19.428.031	17.045.000
Tax rate difference (*)	136.085	(217.611)
Accumulated loss on deferred tax assets		(416.838)
Income tax expense	(5.522.466)	(1.308.079)

(*) The applicable tax rate in Romania is 16% as of 31 December 2019 (2018: 16%).

NOTE 28 - EARNINGS PER SHARE

The earnings per thousand shares with nominal value of Kr 1 amounted to TRY34,52 for the year ended 31 December 2019 (2018: TRY 27,08).

	1 January - 31 December 2019	1 January - 31 December 2018
Net income attributable to equity holders of the parent	86.310.753	67.703.377
Average number of shares for the period	2.500.000.000	2.500.000.000
Earnings per share	34,52	27,08

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NOTE 29 - RELATED PARTY DISCLOSURES

a) Due from related parties at 31 December 2019 and 2018:

Other receivables from related parties:	31 December 2019	31 December 2018
Logo Infosoft	3.192.800	-
Diğer	186.026	167.292
	3.378.826	167.292

Trade receivables from related parties:	31 December 2019	31 December 2018
Logo Infosoft	-	1.406.965
	-	1.406.965

b) Sales to related parties, services given to related parties and financial income from related parties during the periods ended 31 December 2019 and 2018:

Services given to related parties	2019	2018
Logo Infosoft	1.026.851	772.830
Logo Siber	982.559	913.927
Logo Teknoloji ve Yatırım A.Ş.	31.093	26.608
	2.040.503	1.713.365

c) Services purchased from related parties and other transactions with related parties during the periods ended 31 December 2019 and 2018:

Services purchase from related parties	2019	2018
Logo Siber	13.309	524.997
Logo Teknoloji ve Yatırım A.Ş.	-	302.632
	13.309	827.629

d) Remuneration of the executive management:

	2019	2018
Remuneration of the management	25.348.413	15.922.750

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

30.1 Financial Risk Management

Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by limiting aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company management holds adequate cash and credit commitment that will meet the need cash for recent future in order to manage its liquidity risk. In this context, the Company has credit limit from banks amounting to over TRY100,000,000 that can be utilized whenever needed.

Non-derivative financial instruments	Carrying value	Contractual cash outflow (I+II+III+IV)	31 December 2019			
			Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	136.213.140	150.422.630	16.157.141	19.078.940	66.091.019	49.095.530
Trade payables						
- Trade payables to third parties	46.713.633	46.713.633	46.713.633	-	-	-
Due to personnel	11.838.284	11.838.284	11.838.284	-	-	-
Other Payables						
- Other payables to third parties	36.733.853	36.733.853	17.960.544	-	18.773.309	-
Total liabilities	231.498.910	245.708.400	92.669.602	19.078.940	84.864.328	49.095.530

Non-derivative financial instruments	Carrying value	Contractual cash outflow (I+II+III+IV)	31 December 2018			
			Up to 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Borrowings	99.475.628	115.159.200	2.122.926	3.329.946	53.305.432	56.400.896
Trade payables						
- Trade payables to third parties	25.500.164	25.500.164	25.500.164	-	-	-
Due to personnel	10.842.883	10.842.883	10.842.883	-	-	-
Other Payables						
- Other payables to third parties	12.429.074	12.429.074	10.795.713	-	1.633.361	-
Total liabilities	148.247.749	163.931.321	49.261.686	3.329.946	54.938.793	56.400.896

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

The Company's interest rate sensitive financial instruments are as follows:

	31 December 2019	31 December 2018
<u>Financial instruments with fixed interest rate</u>		
Financial assets		
- Financial assets at fair value through profit or loss	25.309.164	28.369.570
Financial liabilities	30.441.496	3.466.448
<u>Financial instruments with float interest rate</u>		
Financial assets		
- Financial assets with fair value reflected to profit/loss	56.603.131	2.502.350
Financial liabilities	105.771.644	96.009.180

Financial assets designated as fair value through profit or loss consists of fixed and floating interest rate bank deposits denominated in TRY and foreign currencies which maturities less than three months and liquid funds. Since the interest expense of the floating rate loans during the year is not significant, sensitivity analysis of interest rate change has not been presented.

Funding risk

The ability to fund the existing and prospective debt requirements is managed as necessary by obtaining adequate committed funding lines from high quality lenders.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities with sales or purchase commitments. The policy of the Group is to compare every foreign currency type for the probable sales or purchases in the future.

Foreign exchange rates used to translate the Group's assets and liabilities denominated in foreign currencies into TRY at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
USD	5,9402	5,2609
Euro	6,6506	6,0280

The Group is mainly exposed to foreign currency risk in USD and EUR.

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign currency position as of 31 December 2019			
		TRY equivalent	USD	Euro	Other
1.	Trade receivables	17.331.292	671.440	2.006.256	-
2a.	Monetary financial assets. (cash. and banks accounts included)	25.656.481	1.543.464	2.478.600	3.835
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	42.987.773	2.214.904	4.484.856	3.835
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	42.987.773	2.214.904	4.484.856	3.835
10.	Trade payables	(1.876.326)	(273.792)	(37.583)	-
11.	Financial liabilities	(16.230.858)	-	(2.440.510)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(18.107.184)	(273.792)	(2.478.093)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(99.128.199)	-	(14.905.151)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(99.128.199)	-	(14.905.151)	-
18.	Total liabilities (13+17)	(117.235.383)	(273.792)	(17.383.244)	-
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(74.247.610)	1.941.112	(12.898.388)	3.835
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(74.247.610)	1.941.112	(12.898.388)	3.835
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export (*)	(46.561.355)	-	-	-
24.	Import	-	-	-	-

(*) Includes exports from the countries in which the Group operates. As of 2019 the Group's total sales made outside Turkey during the period is TRY147.019.827 (2018: TRY114.612.154).

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

		Foreign currency position as of 31 December 2018			
		TRY equivalent	USD	Euro	Other
1.	Trade receivables	8.482.449	609.266	875.442	-
2a.	Monetary financial assets. (cash. and banks accounts included)	14.109.725	1.521.165	1.012.453	3.965
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	22.592.174	2.130.431	1.887.895	3.965
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	22.592.174	2.130.431	1.887.895	3.965
10.	Trade payables	(1.285.832)	(132.369)	(97.785)	-
11.	Financial liabilities	(741.292)	-	(122.975)	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	(2.027.124)	(132.369)	(220.760)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(96.808.339)	-	(16.059.777)	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	(96.808.339)	-	(16.059.777)	-
18.	Total liabilities (13+17)	(98.835.463)	(132.369)	(16.280.537)	-
19.	Net asset/liability position of off-balance sheet derivative financial instruments (19a - 19b)	-	-	-	-
19a.	Off-balance sheet foreign currency derivative financial assets	-	-	-	-
19b.	Off-balance sheet foreign currency derivative financial liabilities	-	-	-	-
20.	Net foreign assets/(liability) position (9-18+19)	(76.243.289)	1.998.062	(14.392.642)	3.965
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(76.243.289)	1.998.062	(14.392.642)	3.965
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	(41.974.432)	-	-	-
24.	Import	-	-	-	-

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The following table shows the TRY equivalents of Group's sensitivity to a 10% change in USD and EUR 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the period and presents effect of 10% change in foreign currency rates. The positive amount indicates increase in profit/loss before tax or equity.

Foreign currency sensitivity

	31 December 2019			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	1.250.134	(1.250.134)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	1.250.134	(1.250.134)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	1.050.393	(1.050.393)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	1.050.393	(1.050.393)	-	-
Change of USD against RON by 10%				
7- USD net assets/liabilities	(97.075)	97.075	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	(97.075)	97.075	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(9.628.595)	9.628.595	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(9.628.595)	9.628.595	-	-

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NOTE 30 - NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2018			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1- USD net assets/liabilities	1.083.647	(1.083.647)	-	-
2- Hedged portion from USD risks (-)	-	-	-	-
3- USD net effect (1+2)	1.083.647	(1.083.647)	-	-
Change of EUR against TRY by 10%				
4- EUR net assets/liabilities	335.505	(335.505)	-	-
5- Hedged portion from EUR risks (-)	-	-	-	-
6- EUR net effect (4+5)	335.505	(335.505)	-	-
Change of USD against RON by 10%				
7- USD net assets/liabilities	(32.487)	32.487	-	-
8- Hedged portion from USD risks (-)	-	-	-	-
9- USD net effect (7+8)	(32.487)	32.487	-	-
Change of EUR against RON by 10%				
10- EUR net assets/liabilities	(9.011.390)	9.011.390	-	-
11- Hedged portion from EUR risks (-)	-	-	-	-
12- EUR net effect (10+11)	(9.011.390)	9.011.390	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, accounts payable and due to related parties, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

	31 December 2019	31 December 2018
Total payables	182.926.773	124.975.792
Less: Cash and cash equivalents	(152.183.722)	(80.919.777)
Net debt	30.743.051	44.056.015
Total equity	368.962.947	294.204.187
Total capital	399.705.998	338.260.202
Debt/equity ratio	8%	13%

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NOTE 31 - FINANCIAL INSTRUMENTS

Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value.

Monetary assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

The trade receivables are carried at amortized cost using the effective yield method less provision for doubtful receivables, and hence are considered to approximate their fair values.

Monetary liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contain observable market inputs

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NOTE 31 - FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy table as at 31 December 2019 is as follows:

Financial assets held at fair value through profit or loss:	Level 1	Level 2	Level 3
Financial investments	-	-	-

Fair value hierarchy table as at 31 December 2018 is as follows:

Financial assets held at fair value through profit or loss:	Level 1	Level 2	Level 3
Financial investments	-	-	-

NOTE 32 – CASH FLOW INFORMATION

	Loans and Credit cards	Financial leases	Total
1 January 2019	97.935.177	19.353.158	117.288.335
Cash inflows	11.459.560	-	11.459.560
Cash outflows	(795.117)	-	(795.117)
Currency translation differences	11.112.338	-	11.112.338
Increase in lease liabilities (TFRS 16)	-	2.501.836	2.501.836
Cash outflows from lease liabilities (TFRS 16)	-	(5.353.812)	(5.353.812)
31 December 2019	119.711.958	16.501.182	136.213.140
Cash and cash equivalents (-)			(152.183.722)
Net debt			(15.970.582)



Commercial title	Logo Yazılım San. ve Tic. A.Ş.			
Trade registration number	12750			
Head office	Gebze Organize Sanayi Bölgesi Şahabettin Bilgisu Caddesi No: 609 Gebze 41400 Kocaeli Turkey T: 0262 679 80 00 F: 0262 679 80 80			
Liaison offices	İstanbul sales office Değirmenyolu Sok. Gülseren Murat Üçüncü İşMerkezi No: 35 Kat: 3 İçerenköy, Ataşehir 34752 İstanbul T : 0216 570 78 00 F : 0216 570 78 08	Ankara sales office and R&D center Hacettepe Üniversitesi Teknoloji Geliştirme Bölgesi Üniversiteler Mah. 1596. Cad. No: 6 SAFİR C Blok Kat: 2 Ofis No: 25-26-27 Beytepe 06800 Çankaya, Ankara T. 0312 265 04 00 F. 0312 265 05 75	İzmir R&D center İzmir Teknoloji Geliştirme Bölgesi A3 Binası İYTE Kampüsü Gülbahçe Köyü 35430 Urla, İzmir T. 0232 765 91 99 F. 0232 765 91 99	İzmir sales office Şehit Nevres Bul. No: 3 Kızılay İş Merkezi Kat: 6 D: 602 Alsancak, İzmir T. 0232 441 87 87 F. 0232 441 87 90
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